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## SPECIAL TOPICS

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## 18. AID TO STATE AND LOCAL GOVERNMENTS

State and local governments serve a vital role in providing services to their residents. The Federal Government contributes to that role by aiding State and local governments through grants, loans, and the tax system. This chapter focuses on Federal grants-in-aid. Information on Federal credit programs may be found in Chapter 23, “Credit and Insurance,” in this volume. A detailed discussion of tax expenditures in Chapter 17, “Tax Expenditures,” in this volume, includes a display of tax expenditures that particularly aid State and local governments at the end of Tables 17-1 and 17-2.

Federal grants-in-aid most frequently consist of direct cash assistance to State and local governments, U.S. territories, and American Indian Tribal governments. Federal grants-in-aid can also include payments for grants-in-kind – non-monetary aid such as commodities purchased for the National School Lunch Program. Federal revenues shared with State and local governments are also considered grants-in-aid.

Federal grants generally fall into one of two broad categories of grants: categorical grants or block grants. However, in addition, these grants may also have characteristics of one or more other types of grants: formula grants, project grants, and matching grants. Categorical grants have a narrowly defined purpose and may be awarded on a formula basis or as a project grant. An example of a categorical grant is the Special Supplemental Nutrition Program for Women, Infants, and Children, also known as WIC, administered by the Department of Agriculture. The program targets the nutrition needs of lower-income pregnant and postpartum women, infants, and children. Applicants to this program must meet specified categorical, residential, income, and nutrition risk eligibility requirements.

Project grants are sometimes awarded competitively and are typified by a specified end product or duration. They can include grants for research, training, evaluation, planning, technical assistance, survey work, and construction.

In contrast to categorical grants, block grants provide the recipient with more latitude to define the use of the funding and are awarded on a formula basis specified in law. The Department of Health and Human Services Temporary Assistance for Needy Families (TANF) program is an example of a block grant. States may use TANF funds in a variety of ways to meet any of four purposes set out in law. Each State also has the discretion to determine eligibility requirements for TANF benefits. In addition, TANF has a matching requirement known as the “maintenance of effort” requirement which specifies a minimum that States must spend to assist low-income families in order to receive the full Federal grant.

Federal grants help State and local governments finance programs covering most areas of domestic public spending, including infrastructure, education, social services, and public safety. State and local governments may provide services directly to beneficiaries or may act as a pass through and contract with providers or make grant awards to qualified recipients. According to data from the Bureau of Economic Analysis, in calendar year 2010, one quarter of total State current expenditures was devoted to income security, 21 percent to health care, 20 percent to national security and public safety, and 15 percent to education.<sup>1</sup> Between 2001 and 2010, government spending in total at the State and local level increased 50 percent.<sup>2</sup> In each of those years, Federal grants-in-aid financed over one-fifth of State budgets on average.<sup>3</sup> In 2009 and 2010 that percentage increased to 24 and 25 percent respectively as the Federal Government provided temporary, additional aid to bolster State budgets through the worst of the recession and avoid greater cuts to State services and tax increases.<sup>4</sup>

The Federal Government used the existing grants structure to provide swift fiscal relief during the recent recession – a time when States faced severe and unforeseen economic conditions. It did so through the American Recovery and Reinvestment Act (Recovery Act), Public Law 111-5, enacted in February 2009. The Recovery Act provided enhanced grant funding in the areas of education, Medicaid, transportation, energy, water, and other programs. Most provisions of the Recovery Act expired in 2010 but some were extended in August 2010 in Public Law 111-226, an act providing education and Medicaid assistance to States. The temporary fiscal relief provided in the Recovery Act primarily accounts for the \$141.1 billion increase in Federal outlays for grants-in-aid to States from 2008 to 2010. In 2011, Federal grant outlays were \$606.8 billion; this was a \$1.6 billion decrease from 2010 reflecting the expiration of the temporary increase in the Federal share of State Medicaid costs and other provisions from the Recovery Act. Grant outlays for 2012 are estimated to increase by \$5.7 billion to \$612.4 billion. However, outlays from grants funded through annual appropriations are estimated to decrease by \$24.9 billion in 2012 from the previous year; and are estimated to de-

<sup>1</sup> U.S. Department of Commerce, Bureau of Economic Analysis (BEA), National Income and Product Accounts, Table 3.16 Government Current Expenditures by Function. BEA reports annual data on a calendar year basis. Calendar year 2010 is the most recent year for which annual data are available.

<sup>2</sup> *Ibid.*, Table 3.3. 2010 is the most recent year for which annual data are available.

<sup>3</sup> *Ibid.* 2010 is the most recent year for which annual data are available.

<sup>4</sup> National Governors Association and National Association of State Budget Officers, June 2010. “The Fiscal Survey of States.”

crease again in 2013 by \$20.5 billion.<sup>5</sup> These decreases reflect the winding down of discretionary grant spending on Recovery Act programs such as the State Fiscal Stabilization Fund as well as the enactment of caps on discretionary spending in the Budget Control Act of 2011, Public Law 112-25, which constrain appropriations of new discretionary budget authority, including appropriations for grants.<sup>6</sup>

Economic conditions at the State level are slowly improving, although for the majority of States spending and revenues are not back to pre-recession levels. According to the National Association of State Budget Officers, in State fiscal year 2011,<sup>7</sup> 38 States had higher general fund

spending than the previous year.<sup>8</sup> Some States needed to enact mid-year budget cuts in 2011; however, the number doing so was fewer than in 2010. 2012 is expected to build on this improvement with 43 States enacting fiscal year 2012 budgets with general fund expenditures greater than 2011. State general fund revenue collections are also expected to increase in fiscal year 2012, for the second year in a row. State fiscal year 2012 is expected to continue the slow improvement in State fiscal conditions that began in 2011.

The Budget provides \$632.7 billion in outlays for aid to State and local governments in 2013, an increase of \$20.2 billion from 2012. The distribution of grant spending in 2013 among functions remains similar to 2012. As shown in Table 18-1, 48 percent of this aid is for health programs, with most of the funding going to Medicaid, a program which makes health insurance accessible for low-income Americans. Beyond health programs, 17 percent of Federal aid will go to income security programs; 15 percent to education, training, and social services; and 13 percent to transportation.

<sup>5</sup> See Chapter 12, "Budget Concepts," in this volume for a discussion of discretionary spending.

<sup>6</sup> For more information on the Budget Control Act of 2011 see Chapter 12, "Budget Concepts," in this volume.

<sup>7</sup> According to the 2011 edition of *The Fiscal Survey of States*, published by the National Governors Association and the National Association of State Budget Officers, "forty-six states begin their fiscal years in July and end them in June. The exceptions are Alabama and Michigan, with October to September fiscal years; New York, with an April to March fiscal year; and Texas, with a September to August fiscal year."

<sup>8</sup> The National Governors Association and the National Association of State Budget Officers. *The Fiscal Survey of States*. Fall 2011.

## HIGHLIGHTS OF FEDERAL AID TO STATES AND LOCALITIES

The Administration is investing in areas that promote growth, job creation, and constructing an economy that is built to last. As part of that effort, the Administration is looking for ways to make programs more effective and efficient. In light of the need to make tough choices about spending, all areas are being asked to share in the sacrifice needed to put the Nation on a sustainable fiscal course. Highlights of proposals and changes in the Budget are presented below by functional category. Each section begins with the overall spending level for that category followed by a discussion of significant proposals or changes to programs in that category. The funding level for every Federal grant program can be found in Table 18-1, in this section, organized by functional category and by Federal agency. The next section, Historical Perspectives, presents a history of Federal grants-in-aid and includes Table 18-2, which illustrates trends over time. An Appendix to this chapter includes tables of State-by-State obligations of major grant programs.

### Natural Resources and Environment

Grant outlays for natural resources and environment programs are estimated to be \$6.5 billion in 2013.

The America's Great Outdoors (AGO) initiative supports Federal, State, local, and tribal conservation efforts while reconnecting Americans, particularly young people, to the outdoors. Investments for AGO programs support conservation and outdoor recreation activities nationwide that create millions of jobs, generate hundreds of millions of dollars in tax revenue, and spur billions in total national economic activity. Within the Department of the Interior (DOI), AGO programs include the operation of national parks, refuges, and public lands, which are criti-

cal for conserving natural and cultural resources, protecting wildlife, and drawing recreational tourists from across the Nation and the world. They also include grant programs that assist States, Tribes, local governments, landowners, and private groups (such as sportsmen) in preserving wildlife habitat, wetlands, historic battlefields, regional parks, and the countless other sites that form the mosaic of the Nation's cultural and natural legacy.

The Budget provides \$450 million for the Land and Water Conservation Fund (LWCF) programs in the Departments of the Interior and Agriculture. Of this amount, \$270 million is proposed to conserve lands within national parks, refuges, and forests, including \$109 million in collaborative funds for DOI and the U.S. Forest Service to jointly and strategically conserve the most critical landscapes.

The Budget addresses the environmental impacts of mining by dedicating and prioritizing funds to clean up abandoned mines. Currently, DOI charges the coal industry an abandoned mine land (AML) fee and allocates receipts to States based on production, rather than basing the allocation on the most pressing needs for cleaning up abandoned mines. The Administration proposes to target these coal AML fee receipts at the most hazardous sites through a new competitive grant allocation process with State participation. It also proposes to establish a new AML fee on hardrock mining, with receipts allocated through a competitive grant process to reclaim abandoned hardrock mines, so that the hardrock mining industry is held responsible in the same manner as the coal mining industry.

The Budget includes \$2 billion for Federal capitalization of the Environmental Protection Agency (EPA) State Revolving Funds (SRFs). This will allow the SRFs to fi-

nance over \$6 billion in wastewater and drinking water infrastructure projects annually. The Administration has strongly supported the SRFs, having received and/or requested funding for them totaling over \$18 billion since 2009; since their inception, over \$52 billion has been provided for the SRFs. EPA will work to target assistance to small and underserved communities with limited ability to repay loans, while maintaining State program integrity. Additionally, a number of systems could have access to capital through the Administration's proposed Infrastructure Bank.

In order to promote economic growth in distressed communities, the Budget continues to provide funding for the EPA's Brownfields program. Brownfields sites are lightly contaminated sites where the presence or potential presence of contamination keeps these sites from being used productively. These sites are prevalent in economically distressed communities where industries have moved out or shuttered their doors. Brownfields funding provides grants and technical assistance to these communities so that they can assess and cleanup the properties, allowing for sustainable development in partnership with environmental protections.

The Budget includes \$1.2 billion for grants to support State and Tribal implementation of delegated environmental programs. Among other changes, the support includes \$302 million in State grant funding for air programs, an increase of \$66 million to assist States in addressing additional responsibilities associated with achieving more stringent air quality standards, and \$265 million in State water pollution control grants, a \$27 million increase including \$15 million to address nutrient loadings. The Administration also proposes a \$29 million increase in funding to the Tribal General Assistance Program (Tribal GAP). Tribal GAP funding builds Tribal capacity and assists tribes in leveraging other EPA and Federal funding to contribute towards a higher level of environmental and health protection.

### **Commerce and Housing Credit**

Grant outlays in support of commerce and housing credit programs are estimated to be \$2.8 billion in 2013.

As part of the National Wireless Initiative proposal, \$1.2 billion in grants is proposed for grants to State and local governments in support of building a public safety broadband network. This network would provide first responders access to secure, interoperable video and voice communications.

### **Transportation**

Grant outlays in support of transportation programs are estimated to be \$81.9 billion in 2013.

The Budget includes a multi-year reauthorization proposal for critical highway, transit, highway safety, passenger rail, and multi-modal programs. The Administration's reauthorization proposal adopts a multi-pronged approach that underscores the importance of preserving and improving the Nation's high-

ways, bridges, and transit assets. This proposal would provide \$476 billion over six years, which together with the additional \$50 billion in 2012 detailed below, represents an increase of around 80 percent above the previous surface transportation reauthorization, plus annual appropriated funding for passenger rail funding in those years. This proposal seeks not only to fill a long-overdue funding gap, but also to reform how Federal dollars are spent to ensure that they are directed to the most effective programs. It reflects a need to balance fiscal discipline with efforts to expedite economic recovery and job creation. It emphasizes fixing existing assets, moving towards cost benefit analysis of large transportation projects, and consolidating duplicative, often-earmarked highway programs. Consistent with Administration policy, this proposal does not contain earmarks. Additionally, the reauthorization proposal will not add to the deficit, as the Budget proposes to use the "peace dividend" from ramping down military operations overseas to offset all costs. After the six-year reauthorization period, the Administration is committed to working with Congress on a financing mechanism.

To spur job growth and allow States to initiate sound multi-year investments, the Budget assumes enactment of an additional \$50 billion in transportation investments in 2012. Although infrastructure projects take time to get underway, these investments would generate hundreds of thousands of jobs in the first few years—and in industries suffering from protracted unemployment. Not only will job markets and municipal transportation programs access much-needed support in the near-term, but Federal taxpayers will reap the benefits of historically competitive pricing in construction. To help these funds flow into local communities without delay, key Federal agencies have been directed find ways to expedite permitting and approvals for infrastructure projects.

The Budget provides \$47 billion over six years to fund the development of high-speed rail and other passenger rail programs as part of an integrated national strategy. This system will provide 80 percent of Americans with convenient access to a passenger rail system, featuring high-speed service, within 25 years. The proposal includes merging Amtrak's stand-alone subsidies into the high-speed rail program as part of a larger, competitive System Preservation initiative.

Fostering livable communities—places where coordinated transportation, housing, and commercial development gives people access to affordable and environmentally sustainable transportation—is a transformational policy shift. The Administration's reauthorization proposal adopts a multi-pronged approach to help communities achieve this goal. For example, the Administration proposes to permanently authorize the TIGER program, which has supported projects like multi-modal transportation hubs (where different forms of transportation converge) and streets that accommodate pedestrian, bicycle, and transit access. The proposal also seeks to harmonize State and local planning requirements and facilitate more cooperation, and

includes competitive grant funding (\$200 million in 2012 and \$1.2 billion over six years) to improve those entities' ability to deliver sound, data-driven, and collaboratively-developed transportation plans. The Budget also includes \$108 billion for transit programs over six years, more than doubling the commitment to transit in the prior reauthorization for both existing capacity and capacity expansion. This unprecedented increase for buses, subways, and other systems of public transportation will help improve and expand travel options, cut energy use, and help make local communities more livable.

In order to ensure the highest safety standards for the U.S. pipeline system, the Budget proposes to both enhance and revamp the Department's Pipeline Safety program. The Budget increases the size of the State Pipeline Safety Grant program by 50 percent and institutes several reforms to the Federal program. It funds the first phase of a three-year effort to more than double the number of Federal pipeline safety inspectors to make certain that more pipelines are inspected on a regular basis.

In support of the President's call for spending restraint, the Budget lowers funding for the airport grants program to \$2.4 billion, a reduction of \$926 million, by eliminating guaranteed funding for large and medium hub airports. The Budget focuses Federal grants to support smaller commercial and general aviation airports that do not have access to additional or alternative sources of capital. At the same time, the Budget would allow larger airports to increase non-Federal passenger facility charges, thereby giving larger airports greater flexibility to generate their own revenue. Also, given difficult fiscal circumstances, the Budget reduces the annual grant to the Washington Metropolitan Area Transit Authority by \$15 million. The President's surface transportation plan would substantially increase overall transit funding and would benefit both the Washington area and transit systems nationwide.

### **Community and Regional Development**

Grant outlays for community and regional development programs are estimated to be \$20.7 billion in 2013.

The Budget provides \$220 million, a reduction of \$38 million, to the Economic Development Administration (EDA) within the Department of Commerce. The Budget supports economic development planning and projects that catalyze entrepreneurship and innovation at the regional scale, but conserves resources by trimming the amount requested for traditional public works grants, which are often funded using tax-free bonds or other Federal programs.

Americans rely on first responders to help them through crises, from natural disasters to terrorist attacks. Accordingly, the Budget provides \$2.9 billion for Department of Homeland Security (DHS) State and Local Programs to equip, train, exercise, and hire first responders. To better target these funds, the Budget proposes eliminating nine duplicative, stand-alone grant programs, consolidating them into regionally-focused grants that pri-

oritize core capabilities and are awarded based on a risk-informed, competitive process. This approach will provide greater flexibility for State and local officials to fill critical homeland security capability gaps while promoting cost-effectiveness. The proposed structure and funding levels will enable the Federal Emergency Management Agency (FEMA) to focus on the highest priority homeland security capabilities while sustaining prior State and local investments.

While the consolidated grant structure proposed in the Budget will eventually strengthen State and local capabilities through smarter regional investments, accelerating the expenditure of already-awarded grant funds will improve first responders' capabilities and grow the economy now. Working with FEMA and DHS, the President will carry out a one-time reprioritization of \$7 billion currently in the expenditure pipeline. Similar to the successful effort that accelerated Recovery Act spending, the Administration has planned strong incentives to speed spending of State and local grant balances. Unnecessary red tape will be cut, administrative restrictions that slow spending will be relaxed, and regulatory and legislative reforms will be proposed to further reduce the backlog of unspent grants. Simultaneously, the Administration will set and enforce aggressive expiration dates for awarded grant funds, designating unexpended balances as "use or lose" to ensure first responders receive the support they need as quickly as possible.

The Budget proposes to provide \$1 billion in immediate assistance for the retention, rehiring, and hiring of firefighters in 2012, as requested in the American Jobs Act. Localities with hiring programs and policies that focus on the recruitment of post-9/11 veterans for firefighter positions would be given preference in grant awards over those that do not.

The Budget provides \$3 billion for the Community Development Block Grant (CDBG) formula program and \$1 billion for the HOME Investment Partnerships program within the Department of Housing and Urban Development (HUD). These funding levels for CDBG and HOME reflect the Administration's commitment to supporting municipalities and States as they navigate through their challenging fiscal climate. CDBG funding will allow over 1,200 State and local governments to invest in needed public infrastructure improvements, rehabilitate affordable housing, and create and retain jobs. The Budget request for HOME will provide funding to about 645 State and local governments to increase the supply of affordable housing for low-income families.

The Budget proposes \$15 billion in investments for Project Rebuild to put construction workers on the job rehabilitating and refurbishing vacant and foreclosed homes and businesses. Building on proven approaches to stabilizing neighborhoods with high concentrations of foreclosures, Project Rebuild will bring in expertise and capital from the private sector, focus on commercial and residential property improvements, and expand innovative property solutions, such as land banks.

## Education, Training, Employment, and Social Services

Grant outlays for education, training, employment, and social service programs are estimated to be \$93.4 billion in 2013.

The Budget provides \$850 million for Race to the Top (RTT), a program that has enabled States to implement systemic reforms in four fundamental areas: implementing rigorous standards and assessments; using data to improve instruction and decision-making; recruiting and retaining effective teachers and principals; and turning around the lowest-performing schools. In 2011, RTT was expanded to include the Early Learning Challenge grant competition, a joint effort with the Department of Health and Human Services, designed to support the States with the most ambitious plans to ensure that high-needs children from birth to age five enter kindergarten ready to succeed. In 2012, the Administration is building on the State-level progress of RTT by launching a district-level competition to support reforms best executed at the local level. In 2013, RTT will be poised to deepen the Administration's investments in these various areas, and address the unmet demand of States and Districts that have demonstrated a commitment to implementing comprehensive and ambitious reforms. Additional resources will be provided for the Race to the Top: Early Learning Challenge, to be paired with new investments by the Department of Health and Human Services in improving child care quality and preparing children for success in school.

Districts will continue to receive the vital resources needed to pay teacher salaries and fund other educational interventions needed to help disadvantaged students and students with disabilities succeed through sustained investments in the Title I and IDEA State Grant programs of \$14.5 billion and \$11.6 billion, respectively.

The Budget makes a number of investments to help ensure that an effective teacher is in every classroom, including a 25 percent set-aside within the new Effective Teachers and Leaders State Grants program to build evidence on ways to best recruit, prepare and support effective teachers and principals. The budget also invests \$400 million in the Teacher and Leader Innovation Fund to transform teacher and leader evaluation and compensation to reward strong teaching and support improvement. Additionally, the Administration invests \$5 billion to support States and districts that commit to bold reforms at every stage of the teaching profession.

The President's Budget recommends reauthorization and reform of the Career and Technical Education (CTE) State Grant program, currently set to expire in 2013. The Administration's \$1.1 billion reauthorization proposal would restructure CTE to align what students learn in school with the demands of 21st century jobs and create better quality programs for students. The Budget also provides new funding to scale up career academies.

Within the Department of Health and Human Services (HHS), the Budget includes over \$8 billion for Head Start and Early Head Start to serve approximately 962,000

children and families, maintaining the historic expansion undertaken in 2009-2010. The Budget similarly includes an additional \$7 billion over the next 10 years to support low-income children with child care subsidies. The Budget also continues to support reforms to the Child Care Development Block Grant and provides an additional \$300 million for States to improve child care quality, and ultimately prepare children for success in school. The Budget supports the implementation of new regulations to strengthen Head Start by requiring low-performing programs to compete for continued funding for the first time in the program's history.

The Budget also cuts and reforms the Community Services Block Grant (CSBG). CSBG provides funding for the important work of Community Action Agencies, but does not hold these agencies accountable for outcomes. The Budget provides \$350 million to fund the highest performing Community Action Agencies so that scarce taxpayer dollars are targeted to high-performing agencies that are most successful in meeting important community needs.

The 2013 Budget proposes legislation to build on the American Jobs Act by funding initiatives that aggressively address long-term unemployment and provide new opportunities to put Americans back to work. The proposal includes Reemployment NOW, a program that provides \$4.0 billion to give States flexibility to institute innovative approaches to better connect Emergency Unemployment Compensation (EUC) claimants with job opportunities. With Reemployment NOW, States will be able to implement Bridge to Work programs to give EUC claimants valuable on-the-job experience and will also be able to offer claimants wage insurance and other intensive reemployment services. This fund is paired with the Administration's support for extending federally funded benefits through December 2012. It also includes Pathways Back to Work, which invests \$12.5 million in subsidized employment and work-based training programs targeting long-term unemployed and low-income Americans. In addition, the proposal includes a Community College Initiative that provides \$8.0 billion in the Departments of Education and Labor to support State and community college partnerships with businesses to build the skills of American workers.

## Health

Grant outlays for health related programs are estimated to be \$303.2 billion in 2013.

The Budget includes \$2.4 billion, an increase of \$75 million, for the Health Resources and Services Administration's Ryan White program to expand access to care for persons living with HIV/AIDS who are otherwise unable to afford health care and related support services.

Medicaid is critically important to providing health care to the poorest in the country, including children, seniors, and individuals with disabilities. The Administration opposes efforts to turn it into a block grant and slash its funding. Instead, the Budget seeks to make Medicaid more efficient by streamlining financing and reimburse-

ment policies. For example, the Budget would implement more efficient reimbursement rates for durable medical equipment based on Medicare rates.

### Income Security

Grant outlays for income security programs are estimated to be \$106.1 billion in 2013.

At a time of continued need, the Budget provides \$7.5 billion for discretionary nutrition program support within the Department of Agriculture. This funding supports the 9.1 million individuals expected to participate in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) program which is critical to the health of pregnant women, new mothers, and their infants.

The Administration also re-proposes a State option to suspend time limits on Supplemental Nutrition Assistance Program (SNAP) benefits for working-age, low-income adults without dependents for an additional fiscal year, and re-proposes to extend the availability of enhanced SNAP benefits through March 31, 2014. SNAP is the cornerstone of the Nation's food assistance safety net and touches the lives of more than 46 million people. The Administration is committed to preventing hunger by preserving access to SNAP for all eligible participants.

The Administration supports continued implementation of the Healthy, Hunger-Free Kids Act of 2010, Public Law 111-296, strengthening the child nutrition programs and increasing children's access to healthy meals and snacks.

The Budget modernizes the child support program within HHS, which touches the lives of more than half of poor children as well as many middle-class families. These policy changes, which will encourage fathers to take responsibility for their children, include: increasing financial support for States that pass through child support payments to families rather than retaining them; ending the expectation of reimbursement for payments that are distributed to families receiving TANF assistance; and encouraging States to provide access and visitation services that can improve a father's relationship with his family.

The Budget provides \$3 billion for the Low Income Home Energy Assistance Program (LIHEAP) to help struggling families make ends meet by offsetting some of their home heating and cooling costs. While the costs of fuels used by most LIHEAP households remain low, the price of home-delivered fuels, such as heating oil, has been on the rise. In response, the Budget provides an additional \$450 million over the 2012 request, and targets funds to States with vulnerable households facing high home heating costs for winter 2012-2013.

The Budget provides \$150 million for the Choice Neighborhoods Initiative within the Department of Housing and Urban Development (HUD) to continue transformative investments in high-poverty neighborhoods where distressed HUD-assisted public and privately-owned housing is located. The Budget will reach four to six neighborhoods with implementation grants that

primarily fund the preservation, rehabilitation and transformation of HUD-assisted public and privately-owned multifamily housing, and will also engage local governments, nonprofits, and for-profit developers in partnerships to improve the economic conditions in their surrounding communities.

The Budget proposes to combine the separate Operating Fund and Capital Fund programs into a single Public Housing subsidy stream. This proposed merger will simplify the program and reduce the administrative burden on State and local public housing authorities (PHAs) that own and manage these properties. As a first step towards consolidation, the Budget provides all PHAs with full flexibility to use their operating and capital funds for any eligible capital or operating expense.

The Budget requests a total of \$6.6 billion for Public Housing, a critical investment that will help 1.1 million extremely low- to low-income households to obtain or retain decent, safe and sanitary housing. In addition, the Budget provides up to \$50 million to pilot the expansion of the successful Jobs-Plus demonstration to over 30,000 Public Housing residents.

The Budget proposes to update the Housing Opportunities for Persons with AIDS (HOPWA) program to reflect the current understanding of HIV/AIDS and housing needs. This modernization includes a new formula that will distribute HOPWA funds based on the current population of HIV-positive individuals, fair market rents, and poverty rates in order to target funds to areas with the most need. It also makes the program more flexible, giving local communities more options to provide targeted, timely, and cost-effective interventions. Competitive grant funds will also be more flexible, allowing HUD to reward high-performing grantees. The Budget's \$330 million investment in HOPWA, in combination with the proposed modernization, will assist local communities in keeping individuals with HIV/AIDS housed, making it easier for them to stay in therapy and therefore improving health outcomes for this vulnerable population.

The Budget provides \$650 million for the Native American Housing Block Grant program, which will provide much-needed funds to over 550 Tribes to help mitigate severe housing needs and overcrowding on reservations. This program is the primary source for housing on Tribal lands and provides funding for vital housing activities such as construction, rehabilitation, and operations. In addition, the Budget provides \$60 million in Indian Community Development Block Grant funding that Tribes use to improve their housing stock, create community facilities, make infrastructure improvements, and expand job opportunities.

Over the past several years, Unemployment Insurance (UI) benefits, provided through a State-Federal partnership, have helped American families stay afloat, keeping 3.2 million individuals – including nearly one million children – from falling into poverty in 2010. The American Jobs Act proposed an extension of Federally funded benefits as well as the Reemployment NOW program, which includes a number of reforms to help UI claimants get back to work quickly. The Budget



continues this support for extending Federally funded benefits through December 2012 and instituting innovative approaches to better connect UI claimants with job opportunities.

### **Administration of Justice**

Grant outlays for justice programs are estimated to be \$6.9 billion in 2013.

The Budget provides \$270 million for Juvenile Justice and Child Safety programs that assist States with their juvenile justice systems. Research indicates that more than 60 percent of children have been exposed to violence, crime, and abuse. This problem has significant consequences for individuals, families, as well as communities at large, making these Juvenile Justice and Child Safety programs an essential part of the State and local assistance portfolio. The Budget also provides \$20 million for Adam Walsh Act implementation.

The Budget provides \$257 million to support America's first responders and the hiring and retention of police officers and sheriffs' deputies across the country, and includes a preference for the hiring of post-9/11 veterans. These investments assist in building capacity to enable State and local law enforcement partners to make the most of their resources and encourage their most promising and effective public safety efforts.

The Budget also creates a Community Oriented Policing Stabilization Fund, which would provide \$4 billion in immediate assistance for the retention, rehiring, and hiring of police officers in 2012, as requested in the American Jobs Act. Under this proposal, States and localities with hiring programs and policies that focus on

the recruitment of post-9/11 veterans for law enforcement positions would be given preference in grant awards over those that do not.

The Budget provides \$413 million to continue efforts to combat the hundreds of thousands of violent crimes against women that are committed each year. Funding in support of the Violence Against Women Act plays a critical role in building a coordinated community response. In turn, this coordinated response has changed the civil and criminal justice systems for the better—encouraging victims to file complaints, improving prosecution of sexual assault and domestic violence cases, and increasing the issuance and enforcement of protection orders. The increased availability of legal services for victims seeking protection orders has made it easier to obtain such orders when they are needed, and has helped reduce domestic violence and improve their quality of life.

The Budget provides \$153 million in prisoner re-entry and jail diversion programs, including \$80 million for Second Chance Act programs and \$52 million for problem-solving grants supporting drug courts, mentally ill offender assistance, and other problem-solving approaches. With 2.3 million people in U.S. prisons and 1 in 32 American adults under some kind of correctional supervision, these programs aim to divert individuals from incarceration, reduce recidivism, and achieve public safety in a more sensible way.

The Budget provides \$20 million for the Byrne Criminal Justice Innovation Program, which supports the Administration's multi-agency Neighborhood Revitalization Initiative by directing resources where they are needed in higher-risk neighborhoods, integrating public safety, housing services, and other investments.

**Table 18–1. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS**  
(In millions of dollars)

| Function, Category, Agency and Program                         | Budget Authority |               |               | Outlays      |               |               |
|----------------------------------------------------------------|------------------|---------------|---------------|--------------|---------------|---------------|
|                                                                | 2011 Actual      | 2012 Estimate | 2013 Estimate | 2011 Actual  | 2012 Estimate | 2013 Estimate |
| <b>National Defense</b>                                        |                  |               |               |              |               |               |
| <b>Discretionary:</b>                                          |                  |               |               |              |               |               |
| Department of Homeland Security:                               |                  |               |               |              |               |               |
| Federal Emergency Management Agency:                           |                  |               |               |              |               |               |
| State and Local Programs .....                                 | 375              | 50            | .....         | 67           | 205           | 31            |
| <b>Energy</b>                                                  |                  |               |               |              |               |               |
| <b>Discretionary:</b>                                          |                  |               |               |              |               |               |
| Department of Energy:                                          |                  |               |               |              |               |               |
| Energy Programs:                                               |                  |               |               |              |               |               |
| Energy Efficiency and Renewable Energy .....                   | 231              | 128           | 178           | 4,561        | 3,390         | 1,010         |
| <b>Mandatory:</b>                                              |                  |               |               |              |               |               |
| Department of Energy:                                          |                  |               |               |              |               |               |
| Energy Programs:                                               |                  |               |               |              |               |               |
| Advanced Vehicles, Community Deployment Challenge .....        | .....            | .....         | 1,000         | .....        | .....         | 150           |
| Tennessee Valley Authority:                                    |                  |               |               |              |               |               |
| Tennessee Valley Authority Fund .....                          | 567              | 640           | 576           | 567          | 640           | .....         |
| <b>Total, mandatory</b> .....                                  | <b>567</b>       | <b>640</b>    | <b>1,576</b>  | <b>567</b>   | <b>640</b>    | <b>150</b>    |
| <b>Total, Energy</b> .....                                     | <b>798</b>       | <b>768</b>    | <b>1,754</b>  | <b>5,128</b> | <b>4,030</b>  | <b>1,160</b>  |
| <b>Natural Resources and Environment</b>                       |                  |               |               |              |               |               |
| <b>Discretionary:</b>                                          |                  |               |               |              |               |               |
| Department of Agriculture:                                     |                  |               |               |              |               |               |
| Farm Service Agency:                                           |                  |               |               |              |               |               |
| Grassroots Source Water Protection Program .....               | 4                | 4             | .....         | 4            | 4             | .....         |
| Natural Resources Conservation Service:                        |                  |               |               |              |               |               |
| Watershed Rehabilitation Program .....                         | 4                | 7             | .....         | 5            | 5             | 7             |
| Watershed and Flood Prevention Operations .....                | .....            | 116           | .....         | 85           | 23            | 2             |
| Forest Service:                                                |                  |               |               |              |               |               |
| State and Private Forestry .....                               | 287              | 254           | 251           | 248          | 323           | 309           |
| Management of National Forest Lands for Subsistence Uses ..... | 3                | 3             | .....         | 3            | 2             | 1             |
| Department of Commerce:                                        |                  |               |               |              |               |               |
| National Oceanic and Atmospheric Administration:               |                  |               |               |              |               |               |
| Operations, Research, and Facilities .....                     | 121              | 177           | 174           | 77           | 109           | 105           |
| Pacific Coastal Salmon Recovery .....                          | 80               | 65            | 50            | 77           | 79            | 76            |
| Department of the Interior:                                    |                  |               |               |              |               |               |
| Office of Surface Mining Reclamation and Enforcement:          |                  |               |               |              |               |               |
| Regulation and Technology .....                                | 71               | 67            | 57            | 52           | 48            | 46            |
| Abandoned Mine Reclamation Fund .....                          | 3                | .....         | .....         | 20           | 22            | 27            |
| United States Geological Survey:                               |                  |               |               |              |               |               |
| Surveys, Investigations, and Research .....                    | 6                | 6             | .....         | 6            | 7             | .....         |
| United States Fish and Wildlife Service:                       |                  |               |               |              |               |               |
| State and Tribal Wildlife Grants .....                         | 62               | 61            | 61            | 78           | 81            | 79            |
| Cooperative Endangered Species Conservation Fund .....         | 60               | 48            | 60            | 89           | 90            | 90            |
| Landowner Incentive Program .....                              | -3               | .....         | .....         | 10           | 12            | 12            |
| Coastal Impact Assistance .....                                | .....            | .....         | -200          | .....        | .....         | .....         |
| National Park Service:                                         |                  |               |               |              |               |               |
| Urban Park and Recreation Fund .....                           | -1               | .....         | .....         | .....        | .....         | .....         |
| National Recreation and Preservation .....                     | 58               | 60            | 52            | 58           | 66            | 63            |
| Land Acquisition and State Assistance .....                    | 40               | 45            | 60            | 33           | 31            | 41            |
| Historic Preservation Fund .....                               | 54               | 56            | 56            | 79           | 85            | 81            |
| Environmental Protection Agency:                               |                  |               |               |              |               |               |
| State and Tribal Assistance Grants .....                       | 3,619            | 3,568         | 3,326         | 5,549        | 4,472         | 3,876         |
| Hazardous Substance Superfund .....                            | 19               | 19            | 19            | 273          | 220           | 211           |
| Leaking Underground Storage Tank Trust Fund .....              | 97               | 97            | 97            | 157          | 117           | 106           |
| <b>Total, discretionary</b> .....                              | <b>4,584</b>     | <b>4,653</b>  | <b>4,063</b>  | <b>6,903</b> | <b>5,796</b>  | <b>5,132</b>  |
| <b>Mandatory:</b>                                              |                  |               |               |              |               |               |
| Department of the Interior:                                    |                  |               |               |              |               |               |
| Bureau of Land Management:                                     |                  |               |               |              |               |               |

**Table 18-1. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued**  
(In millions of dollars)

| Function, Category, Agency and Program                                                   | Budget Authority |               |               | Outlays      |               |               |
|------------------------------------------------------------------------------------------|------------------|---------------|---------------|--------------|---------------|---------------|
|                                                                                          | 2011 Actual      | 2012 Estimate | 2013 Estimate | 2011 Actual  | 2012 Estimate | 2013 Estimate |
| Miscellaneous Permanent Payment Accounts .....                                           | 89               | 52            | 22            | 90           | 56            | 23            |
| Bureau of Ocean Energy Management, Regulation and Enforcement:                           |                  |               |               |              |               |               |
| Coastal Impact Assistance <sup>1</sup> .....                                             |                  |               |               | 70           | 9             |               |
| Office of Surface Mining Reclamation and Enforcement:                                    |                  |               |               |              |               |               |
| Payments to States in Lieu of Coal Fee Receipts .....                                    | 85               | 85            | 85            | 118          | 65            | 82            |
| Abandoned Mine Reclamation Fund .....                                                    | 150              | 220           | 221           | 133          | 120           | 153           |
| United States Fish and Wildlife Service:                                                 |                  |               |               |              |               |               |
| Federal Aid in Wildlife Restoration .....                                                | 412              | 399           | 413           | 396          | 406           | 424           |
| Cooperative Endangered Species Conservation Fund .....                                   | 54               | 51            | 53            | 54           | 51            | 53            |
| Coastal Impact Assistance <sup>1</sup> .....                                             |                  |               |               |              | 62            | 92            |
| Sport Fish Restoration .....                                                             | 450              | 434           | 446           | 456          | 480           | 500           |
| National Park Service:                                                                   |                  |               |               |              |               |               |
| Land Acquisition and State Assistance .....                                              |                  |               |               | 1            | 4             | 3             |
| Departmental Offices:                                                                    |                  |               |               |              |               |               |
| National Forests Fund, Payment to States .....                                           | 11               | 8             | 9             | 11           | 8             | 9             |
| Leases of Lands Acquired for Flood Control, Navigation, and Allied Purposes .....        | 23               | 19            | 19            | 23           | 19            | 19            |
| States Share from Certain Gulf of Mexico Leases .....                                    | 1                |               |               | 1            |               |               |
| Corps of Engineers--Civil Works:                                                         |                  |               |               |              |               |               |
| South Dakota Terrestrial Wildlife Habitat Restoration Trust Fund .....                   | 4                | 4             | 5             | 3            | 7             | 5             |
| <b>Total, mandatory .....</b>                                                            | <b>1,279</b>     | <b>1,272</b>  | <b>1,273</b>  | <b>1,356</b> | <b>1,287</b>  | <b>1,363</b>  |
| <b>Total, Natural Resources and Environment .....</b>                                    | <b>5,863</b>     | <b>5,925</b>  | <b>5,336</b>  | <b>8,259</b> | <b>7,083</b>  | <b>6,495</b>  |
| <b>Agriculture</b>                                                                       |                  |               |               |              |               |               |
| <b>Discretionary:</b>                                                                    |                  |               |               |              |               |               |
| Department of Agriculture:                                                               |                  |               |               |              |               |               |
| Departmental Management:                                                                 |                  |               |               |              |               |               |
| Departmental Administration .....                                                        | 20               | 20            |               | 20           | 20            |               |
| National Institute of Food and Agriculture:                                              |                  |               |               |              |               |               |
| Extension Activities .....                                                               | 404              | 405           | 403           | 361          | 577           | 613           |
| Research and Education Activities .....                                                  | 323              | 324           | 319           | 294          | 431           | 337           |
| Agricultural Marketing Service:                                                          |                  |               |               |              |               |               |
| Payments to States and Possessions .....                                                 | 1                | 1             | 1             | 21           | 1             | 1             |
| Farm Service Agency:                                                                     |                  |               |               |              |               |               |
| State Mediation Grants .....                                                             | 4                | 4             | 4             | 4            | 4             | 5             |
| <b>Total, discretionary .....</b>                                                        | <b>752</b>       | <b>754</b>    | <b>727</b>    | <b>700</b>   | <b>1,033</b>  | <b>956</b>    |
| <b>Mandatory:</b>                                                                        |                  |               |               |              |               |               |
| Department of Agriculture:                                                               |                  |               |               |              |               |               |
| Agricultural Marketing Service:                                                          |                  |               |               |              |               |               |
| Payments to States and Possessions .....                                                 | 55               | 55            |               | 13           | 51            | 54            |
| Farm Service Agency:                                                                     |                  |               |               |              |               |               |
| Commodity Credit Corporation Fund .....                                                  | 225              |               |               | 225          |               |               |
| <b>Total, mandatory .....</b>                                                            | <b>280</b>       | <b>55</b>     |               | <b>238</b>   | <b>51</b>     | <b>54</b>     |
| <b>Total, Agriculture .....</b>                                                          | <b>1,032</b>     | <b>809</b>    | <b>727</b>    | <b>938</b>   | <b>1,084</b>  | <b>1,010</b>  |
| <b>Commerce and Housing Credit</b>                                                       |                  |               |               |              |               |               |
| <b>Mandatory:</b>                                                                        |                  |               |               |              |               |               |
| Department of Commerce:                                                                  |                  |               |               |              |               |               |
| National Oceanic and Atmospheric Administration:                                         |                  |               |               |              |               |               |
| Promote and Develop Fishery Products and Research Pertaining to American Fisheries ..... | 1                | 1             | 6             | 14           | 4             | 11            |
| National Telecommunications and Information Administration:                              |                  |               |               |              |               |               |
| State and Local Implementation Fund .....                                                |                  |               |               |              |               | -160          |
| Incentive Auction Relocation Fund .....                                                  |                  |               |               |              |               | -500          |
| Public Safety Trust Fund .....                                                           |                  |               | 1,216         |              |               | 1,216         |
| Department of the Treasury:                                                              |                  |               |               |              |               |               |
| Departmental Offices:                                                                    |                  |               |               |              |               |               |
| State Small Business Credit Initiative .....                                             |                  |               |               | 366          | 859           | 251           |
| Financial Research Fund .....                                                            | 21               | 123           | 158           | 4            | 120           | 154           |
| Federal Communications Commission:                                                       |                  |               |               |              |               |               |
| Universal Service Fund .....                                                             | 1,957            | 1,894         | 1,867         | 1,938        | 1,894         | 1,867         |

**Table 18-1. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued**  
(In millions of dollars)

| Function, Category, Agency and Program                                                                      | Budget Authority |               |               | Outlays       |               |               |
|-------------------------------------------------------------------------------------------------------------|------------------|---------------|---------------|---------------|---------------|---------------|
|                                                                                                             | 2011 Actual      | 2012 Estimate | 2013 Estimate | 2011 Actual   | 2012 Estimate | 2013 Estimate |
| <b>Total, mandatory</b> .....                                                                               | <b>1,979</b>     | <b>2,018</b>  | <b>3,247</b>  | <b>2,322</b>  | <b>2,877</b>  | <b>2,839</b>  |
| <b>Total, Commerce and Housing Credit</b> .....                                                             | <b>1,979</b>     | <b>2,018</b>  | <b>3,247</b>  | <b>2,322</b>  | <b>2,877</b>  | <b>2,839</b>  |
| <b>Transportation</b>                                                                                       |                  |               |               |               |               |               |
| <b>Discretionary:</b>                                                                                       |                  |               |               |               |               |               |
| Department of Transportation:                                                                               |                  |               |               |               |               |               |
| Office of the Secretary:                                                                                    |                  |               |               |               |               |               |
| Supplemental Discretionary Grants for a National Surface<br>Transportation System, Recovery Act .....       |                  |               |               | 226           | 505           | 420           |
| Federal Aviation Administration:                                                                            |                  |               |               |               |               |               |
| Grants-in-aid for Airports, Recovery Act .....                                                              |                  |               |               | 164           | 15            |               |
| Grants-in-aid for Airports (Airport and Airway Trust Fund) .....                                            |                  |               |               | 3,095         | 3,713         | 3,456         |
| Federal Highway Administration:                                                                             |                  |               |               |               |               |               |
| Emergency Relief Program .....                                                                              |                  | 1,662         |               | 414           | 866           | 937           |
| Highway Infrastructure Investment, Recovery Act .....                                                       |                  |               |               | 7,966         | 2,021         | 1,586         |
| Highway Infrastructure Programs .....                                                                       |                  |               |               | 135           | 133           | 151           |
| Appalachian Development Highway System .....                                                                |                  |               |               | 22            | 32            | 35            |
| Miscellaneous Appropriations .....                                                                          |                  |               |               | 87            | 99            | 86            |
| Miscellaneous Transportation Trust Funds .....                                                              |                  |               |               | 25            | 36            | 39            |
| Federal Railroad Administration:                                                                            |                  |               |               |               |               |               |
| Emergency Railroad Rehabilitation and Repair .....                                                          |                  |               |               | 3             | 8             |               |
| Intercity Passenger Rail Grant Program .....                                                                |                  |               |               | 10            | 20            | 20            |
| Rail Line Relocation and Improvement Program .....                                                          | 11               |               |               | 4             | 20            | 20            |
| Capital Assistance for High Speed Rail Corridors and Intercity<br>Passenger Rail Service .....              |                  |               |               | 295           | 1,045         | 1,423         |
| Federal Transit Administration:                                                                             |                  |               |               |               |               |               |
| Transit Capital Assistance, Recovery Act .....                                                              |                  |               |               | 2,105         | 1,287         | 864           |
| Fixed Guideway Infrastructure Investment, Recovery Act .....                                                |                  |               |               | 207           | 132           | 88            |
| Miscellaneous Expired Accounts .....                                                                        |                  |               | -1            |               |               | -1            |
| Job Access and Reverse Commute Grants .....                                                                 |                  |               | -15           | 8             | 7             | -8            |
| Interstate Transfer Grants-transit .....                                                                    |                  |               | -3            |               |               | -3            |
| Washington Metropolitan Area Transit Authority .....                                                        | 150              | 150           | 134           | 110           | 150           | 250           |
| Formula Grants .....                                                                                        |                  |               | -73           | 220           | 309           | 116           |
| Capital Investment Grants .....                                                                             |                  |               | -11           |               |               |               |
| Pipeline and Hazardous Materials Safety Administration:                                                     |                  |               |               |               |               |               |
| Pipeline Safety .....                                                                                       | 31               | 34            | 63            | 32            | 33            | 33            |
| Trust Fund Share of Pipeline Safety .....                                                                   | 5                |               |               | 3             |               |               |
| <b>Total, discretionary</b> .....                                                                           | <b>197</b>       | <b>1,846</b>  | <b>94</b>     | <b>15,131</b> | <b>10,431</b> | <b>9,512</b>  |
| <b>Mandatory:</b>                                                                                           |                  |               |               |               |               |               |
| Department of Homeland Security:                                                                            |                  |               |               |               |               |               |
| United States Coast Guard:                                                                                  |                  |               |               |               |               |               |
| Boat Safety .....                                                                                           | 113              | 108           | 111           | 121           | 109           | 110           |
| Department of Transportation:                                                                               |                  |               |               |               |               |               |
| Immediate Transportation Investments .....                                                                  |                  | 50,000        |               |               | 5,690         | 18,280        |
| Office of the Secretary:                                                                                    |                  |               |               |               |               |               |
| National Infrastructure Investments <sup>2</sup> .....                                                      | 502              | 480           |               | 10            | 90            | 312           |
| National Infrastructure Investments (Transportation Trust Fund) <sup>2</sup> .....                          |                  |               | 480           |               |               |               |
| Federal Aviation Administration:                                                                            |                  |               |               |               |               |               |
| Grants-in-aid for Airports (Airport and Airway Trust Fund) .....                                            | 3,385            | 3,370         | 2,277         |               |               |               |
| Federal Highway Administration:                                                                             |                  |               |               |               |               |               |
| Federal-aid Highways <sup>2</sup> .....                                                                     | 38,564           | 39,427        | 41,902        | 35,754        | 38,598        | 41,115        |
| Miscellaneous Appropriations .....                                                                          | 19               | 5             |               | 19            | 5             |               |
| Federal Motor Carrier Safety Administration:                                                                |                  |               |               |               |               |               |
| Motor Carrier Safety Grants <sup>2</sup> .....                                                              | 307              | 306           | 330           | 253           | 313           | 334           |
| National Highway Traffic Safety Administration:                                                             |                  |               |               |               |               |               |
| Highway Traffic Safety Grants <sup>2</sup> .....                                                            | 532              | 525           | 618           | 558           | 628           | 634           |
| Federal Railroad Administration:                                                                            |                  |               |               |               |               |               |
| Capital Assistance for High Speed Rail Corridors and Intercity<br>Passenger Rail Service <sup>2</sup> ..... | -400             |               |               | 7             | 203           | 337           |
| Network Development .....                                                                                   |                  |               | 1,000         |               |               | 136           |
| Federal Transit Administration:                                                                             |                  |               |               |               |               |               |
| Grants for Energy Efficiency and Greenhouse Gas Reductions <sup>2</sup> .....                               | 50               |               |               |               | 8             | 25            |
| Capital Investment Grants <sup>2</sup> .....                                                                | 1,304            | 1,892         |               | 1,926         | 2,070         | 1,895         |

**Table 18-1. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued**  
(In millions of dollars)

| Function, Category, Agency and Program                                       | Budget Authority |                |               | Outlays       |               |               |
|------------------------------------------------------------------------------|------------------|----------------|---------------|---------------|---------------|---------------|
|                                                                              | 2011 Actual      | 2012 Estimate  | 2013 Estimate | 2011 Actual   | 2012 Estimate | 2013 Estimate |
| Discretionary Grants (Transportation Trust Fund, Mass Transit Account) ..... |                  |                |               | 25            | 13            | 13            |
| Transit Formula Grants <sup>2</sup> .....                                    | 9,572            | 8,361          | 4,759         | 7,182         | 8,537         | 8,457         |
| Operations and Safety .....                                                  |                  |                | 36            |               |               | 32            |
| Transit Expansion and Livable Communities Programs .....                     |                  |                | 2,448         |               |               | 245           |
| Bus and Rail State of Good Repair .....                                      |                  |                | 3,207         |               |               | 481           |
| <b>Total, mandatory</b> .....                                                | <b>53,948</b>    | <b>104,474</b> | <b>57,168</b> | <b>45,855</b> | <b>56,264</b> | <b>72,406</b> |
| <b>Total, Transportation</b> .....                                           | <b>54,145</b>    | <b>106,320</b> | <b>57,262</b> | <b>60,986</b> | <b>66,695</b> | <b>81,918</b> |
| <b>Community and Regional Development</b>                                    |                  |                |               |               |               |               |
| <b>Discretionary:</b>                                                        |                  |                |               |               |               |               |
| Department of Agriculture:                                                   |                  |                |               |               |               |               |
| Rural Utilities Service:                                                     |                  |                |               |               |               |               |
| Distance Learning, Telemedicine, and Broadband Program .....                 | 25               | 35             | 42            | 299           | 606           | 709           |
| Rural Water and Waste Disposal Program Account .....                         | 495              | 456            | 436           | 755           | 781           | 933           |
| Rural Housing Service:                                                       |                  |                |               |               |               |               |
| Rural Community Facilities Program Account .....                             | 68               | 43             | 22            | 129           | 96            | 65            |
| Rural Business Cooperative Service:                                          |                  |                |               |               |               |               |
| Rural Business Program Account .....                                         | 176              | 253            | 76            | 230           | 258           | 86            |
| Department of Commerce:                                                      |                  |                |               |               |               |               |
| Economic Development Administration:                                         |                  |                |               |               |               |               |
| Economic Development Assistance Programs .....                               | 246              | 420            | 182           | 423           | 494           | 444           |
| Department of Homeland Security:                                             |                  |                |               |               |               |               |
| Federal Emergency Management Agency:                                         |                  |                |               |               |               |               |
| State and Local Programs .....                                               | 2,818            | 2,237          | 2,900         | 3,252         | 4,188         | 5,735         |
| United States Fire Administration and Training .....                         | 4                | 3              | 3             | 3             | 5             | 5             |
| Disaster Relief .....                                                        | 2,523            | 1,204          | 1,204         | 6,201         | 1,156         | 611           |
| Department of Housing and Urban Development:                                 |                  |                |               |               |               |               |
| Community Planning and Development:                                          |                  |                |               |               |               |               |
| Community Development Fund .....                                             | 3,466            | 3,408          | 3,127         | 7,037         | 7,946         | 5,704         |
| Community Development Loan Guarantees Program Account .....                  | 6                | 6              |               | 3             | 9             | 5             |
| Brownfields Redevelopment .....                                              |                  |                |               | 10            | 9             | 11            |
| Office of Lead Hazard Control and Healthy Homes:                             |                  |                |               |               |               |               |
| Lead Hazard Reduction .....                                                  | 119              | 120            | 119           | 174           | 154           | 130           |
| Department of the Interior:                                                  |                  |                |               |               |               |               |
| Bureau of Indian Affairs and Bureau of Indian Education:                     |                  |                |               |               |               |               |
| Operation of Indian Programs .....                                           | 159              | 159            | 159           | 158           | 159           | 157           |
| Indian Guaranteed Loan Program Account .....                                 | 17               | 7              | 5             | 17            | 7             | 7             |
| Appalachian Regional Commission .....                                        | 60               | 59             | 57            | 60            | 45            | 63            |
| Delta Regional Authority .....                                               | 10               | 11             | 11            | 12            | 24            | 21            |
| Denali Commission .....                                                      | 1                | 17             | 10            | 49            | 55            | 25            |
| <b>Total, discretionary</b> .....                                            | <b>10,193</b>    | <b>8,438</b>   | <b>8,353</b>  | <b>18,812</b> | <b>15,992</b> | <b>14,711</b> |
| <b>Mandatory:</b>                                                            |                  |                |               |               |               |               |
| Department of Homeland Security:                                             |                  |                |               |               |               |               |
| Federal Emergency Management Agency:                                         |                  |                |               |               |               |               |
| First Responder Stabilization Fund .....                                     |                  | 998            |               |               | 599           | 399           |
| Department of Housing and Urban Development:                                 |                  |                |               |               |               |               |
| Community Planning and Development:                                          |                  |                |               |               |               |               |
| Community Development Loan Guarantees Program Account .....                  |                  | 8              |               |               | 8             |               |
| Neighborhood Stabilization Program .....                                     | 1,000            | 15,000         |               | 1,123         | 1,063         | 5,548         |
| <b>Total, mandatory</b> .....                                                | <b>1,000</b>     | <b>16,006</b>  |               | <b>1,123</b>  | <b>1,670</b>  | <b>5,947</b>  |
| <b>Total, Community and Regional Development</b> .....                       | <b>11,193</b>    | <b>24,444</b>  | <b>8,353</b>  | <b>19,935</b> | <b>17,662</b> | <b>20,658</b> |
| <b>Education, Training, Employment, and Social Services</b>                  |                  |                |               |               |               |               |
| <b>Discretionary:</b>                                                        |                  |                |               |               |               |               |
| Department of Commerce:                                                      |                  |                |               |               |               |               |
| National Telecommunications and Information Administration:                  |                  |                |               |               |               |               |
| Public Telecommunications Facilities, Planning and Construction .....        |                  |                |               | 22            | 8             | 6             |
| Information Infrastructure Grants .....                                      |                  | -2             |               |               |               |               |

**Table 18-1. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued**  
(In millions of dollars)

| Function, Category, Agency and Program                                 | Budget Authority |               |               | Outlays       |               |               |
|------------------------------------------------------------------------|------------------|---------------|---------------|---------------|---------------|---------------|
|                                                                        | 2011 Actual      | 2012 Estimate | 2013 Estimate | 2011 Actual   | 2012 Estimate | 2013 Estimate |
| Department of Education:                                               |                  |               |               |               |               |               |
| Office of Elementary and Secondary Education:                          |                  |               |               |               |               |               |
| Indian Student Education .....                                         | 123              | 125           | 125           | 118           | 111           | 123           |
| Impact Aid .....                                                       | 1,268            | 1,286         | 1,219         | 1,331         | 1,493         | 1,260         |
| Supporting Student Success .....                                       | 278              | 256           | 1,448         | 363           | 436           | 323           |
| Accelerating Achievement and Ensuring Equity .....                     | 15,487           | 15,677        | 14,718        | 19,486        | 20,143        | 15,364        |
| Education Improvement Programs .....                                   | 4,471            | 4,416         | 2,816         | 5,309         | 4,949         | 4,426         |
| State Fiscal Stabilization Fund, Recovery Act .....                    |                  |               |               | 12,419        | 5,412         |               |
| Office of Innovation and Improvement:                                  |                  |               |               |               |               |               |
| Innovation and Instructional Teams .....                               | 1,579            | 1,233         | 4,146         | 724           | 1,321         | 1,305         |
| Office of English Language Acquisition:                                |                  |               |               |               |               |               |
| English Learner Education .....                                        | 690              | 685           | 685           | 743           | 715           | 685           |
| Office of Special Education and Rehabilitative Services:               |                  |               |               |               |               |               |
| Special Education .....                                                | 12,318           | 11,730        | 11,617        | 16,832        | 14,274        | 12,475        |
| Rehabilitation Services and Disability Research .....                  | 148              | 149           | 55            | 473           | 279           | 137           |
| American Printing House for the Blind .....                            | 25               | 25            | 25            | 23            | 32            | 26            |
| Office of Vocational and Adult Education:                              |                  |               |               |               |               |               |
| Career, Technical and Adult Education .....                            | 1,721            | 1,719         | 1,716         | 1,946         | 1,859         | 1,679         |
| Office of Postsecondary Education:                                     |                  |               |               |               |               |               |
| Race to the Top: College Affordability and Completion .....            |                  |               | 1,000         |               |               | 50            |
| Higher Education .....                                                 | 302              | 301           | 301           | 438           | 502           | 361           |
| Office of Federal Student Aid:                                         |                  |               |               |               |               |               |
| Student Financial Assistance .....                                     |                  |               |               | 47            | 6             | 17            |
| Institute of Education Sciences .....                                  | 42               | 38            | 53            | 82            | 234           | 74            |
| Hurricane Education Recovery .....                                     |                  |               |               | 28            | 24            |               |
| Department of Health and Human Services:                               |                  |               |               |               |               |               |
| Administration for Children and Families:                              |                  |               |               |               |               |               |
| Supporting Healthy Families and Adolescent Development .....           | 63               | 62            | 62            | 63            | 62            | 63            |
| Children and Families Services Programs .....                          | 9,148            | 9,537         | 9,318         | 10,141        | 9,677         | 9,463         |
| Administration on Aging:                                               |                  |               |               |               |               |               |
| Aging Services Programs .....                                          | 1,496            | 1,470         | 1,926         | 1,513         | 1,484         | 1,756         |
| Department of the Interior:                                            |                  |               |               |               |               |               |
| Bureau of Indian Affairs and Bureau of Indian Education:               |                  |               |               |               |               |               |
| Operation of Indian Programs .....                                     | 111              | 111           | 111           | 108           | 106           | 103           |
| Department of Labor:                                                   |                  |               |               |               |               |               |
| Employment and Training Administration:                                |                  |               |               |               |               |               |
| Training and Employment Services .....                                 | 2,879            | 2,874         | 2,924         | 3,666         | 3,046         | 2,919         |
| Community Service Employment for Older Americans .....                 | 325              |               |               | 388           | 299           | 11            |
| State Unemployment Insurance and Employment Service Operations .....   | 87               | 87            | 87            | 84            | 64            | 78            |
| States Paid Leave Fund .....                                           |                  |               | 5             |               |               | 1             |
| Unemployment Trust Fund .....                                          | 966              | 955           | 995           | 1,266         | 951           | 925           |
| Corporation for National and Community Service:                        |                  |               |               |               |               |               |
| Operating Expenses .....                                               | 485              | 496           | 496           | 232           | 363           | 266           |
| Corporation for Public Broadcasting .....                              | 435              | 444           | 445           | 435           | 444           | 445           |
| District of Columbia:                                                  |                  |               |               |               |               |               |
| District of Columbia General and Special Payments:                     |                  |               |               |               |               |               |
| Federal Payment for Resident Tuition Support .....                     | 35               | 30            | 35            | 35            | 30            | 35            |
| Federal Payment for School Improvement .....                           | 78               | 60            | 60            | 78            | 60            | 60            |
| National Endowment for the Arts:                                       |                  |               |               |               |               |               |
| National Endowment for the Arts: Grants and Administration .....       | 50               | 46            | 49            | 58            | 53            | 49            |
| Institute of Museum and Library Services:                              |                  |               |               |               |               |               |
| Office of Museum and Library Services: Grants and Administration ..... | 217              | 216           | 216           | 257           | 260           | 260           |
| <b>Total, discretionary .....</b>                                      | <b>54,827</b>    | <b>54,026</b> | <b>56,653</b> | <b>78,708</b> | <b>68,697</b> | <b>54,745</b> |
| <b>Mandatory:</b>                                                      |                  |               |               |               |               |               |
| Department of Education:                                               |                  |               |               |               |               |               |
| Office of Elementary and Secondary Education:                          |                  |               |               |               |               |               |
| Education Jobs Fund .....                                              |                  |               |               | 5,056         | 3,712         |               |
| Office of Special Education and Rehabilitative Services:               |                  |               |               |               |               |               |
| Rehabilitation Services and Disability Research .....                  | 3,085            | 3,122         | 3,231         | 2,795         | 3,512         | 3,292         |
| Departmental Management:                                               |                  |               |               |               |               |               |
| American Jobs Act .....                                                |                  | 61,333        | 1,533         |               | 30,517        | 19,577        |

**Table 18-1. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued**  
(In millions of dollars)

| Function, Category, Agency and Program                                              | Budget Authority |                |                | Outlays        |                |                |
|-------------------------------------------------------------------------------------|------------------|----------------|----------------|----------------|----------------|----------------|
|                                                                                     | 2011 Actual      | 2012 Estimate  | 2013 Estimate  | 2011 Actual    | 2012 Estimate  | 2013 Estimate  |
| Department of Health and Human Services:                                            |                  |                |                |                |                |                |
| Administration for Children and Families:                                           |                  |                |                |                |                |                |
| Supporting Healthy Families and Adolescent Development .....                        | 496              | 476            | 477            | 408            | 561            | 470            |
| Social Services Block Grant .....                                                   | 1,785            | 1,785          | 1,785          | 1,787          | 1,908          | 1,792          |
| Department of Labor:                                                                |                  |                |                |                |                |                |
| Employment and Training Administration:                                             |                  |                |                |                |                |                |
| American Jobs Act .....                                                             |                  | 17,834         | 1,333          |                | 5,062          | 12,147         |
| TAA Community College and Career Training Grant Fund .....                          | 500              | 500            | 500            |                | 193            | 632            |
| Federal Unemployment Benefits and Allowances .....                                  | 409              | 575            | 575            | 393            | 607            | 793            |
| <b>Total, mandatory .....</b>                                                       | <b>6,275</b>     | <b>85,625</b>  | <b>9,434</b>   | <b>10,439</b>  | <b>46,072</b>  | <b>38,703</b>  |
| <b>Total, Education, Training, Employment, and Social Services .....</b>            | <b>61,102</b>    | <b>139,651</b> | <b>66,087</b>  | <b>89,147</b>  | <b>114,769</b> | <b>93,448</b>  |
| <b>Health</b>                                                                       |                  |                |                |                |                |                |
| <b>Discretionary:</b>                                                               |                  |                |                |                |                |                |
| Department of Agriculture:                                                          |                  |                |                |                |                |                |
| Food Safety and Inspection Service:                                                 |                  |                |                |                |                |                |
| Salaries and Expenses .....                                                         | 50               | 51             | 51             | 47             | 51             | 51             |
| Department of Health and Human Services:                                            |                  |                |                |                |                |                |
| Health Resources and Services Administration:                                       |                  |                |                |                |                |                |
| Health Resources and Services .....                                                 | 2,171            | 2,847          | 2,847          | 2,840          | 2,648          | 2,463          |
| Centers for Disease Control and Prevention:                                         |                  |                |                |                |                |                |
| CDC-Wide Activities and Program Support .....                                       | 2,358            | 2,309          | 2,309          | 2,335          | 2,153          | 2,130          |
| Substance Abuse and Mental Health Services Administration:                          |                  |                |                |                |                |                |
| Substance Abuse and Mental Health Services Administration .....                     | 2,828            | 2,823          | 2,723          | 2,964          | 2,941          | 2,965          |
| Departmental Management:                                                            |                  |                |                |                |                |                |
| Public Health and Social Services Emergency Fund .....                              | 575              | 380            | 255            | 277            | 395            | 374            |
| Prevention and Wellness Fund, Recovery Act .....                                    |                  |                |                | 22             | 18             |                |
| General Departmental Management .....                                               |                  | 25             | 25             |                | 5              | 10             |
| Department of Labor:                                                                |                  |                |                |                |                |                |
| Occupational Safety and Health Administration:                                      |                  |                |                |                |                |                |
| Salaries and Expenses .....                                                         | 115              | 115            | 115            | 115            | 115            | 115            |
| Mine Safety and Health Administration:                                              |                  |                |                |                |                |                |
| Salaries and Expenses .....                                                         | 9                | 9              | 5              | 9              | 9              | 5              |
| <b>Total, discretionary .....</b>                                                   | <b>8,106</b>     | <b>8,559</b>   | <b>8,330</b>   | <b>8,609</b>   | <b>8,335</b>   | <b>8,113</b>   |
| <b>Mandatory:</b>                                                                   |                  |                |                |                |                |                |
| Department of Health and Human Services:                                            |                  |                |                |                |                |                |
| Health Resources and Services Administration:                                       |                  |                |                |                |                |                |
| Maternal, Infant, and Early Childhood Home Visiting Programs .....                  | 250              | 350            | 400            | 36             | 86             | 359            |
| Centers for Medicare and Medicaid Services:                                         |                  |                |                |                |                |                |
| Rate Review Grants .....                                                            |                  |                |                | 12             | 80             | 80             |
| Affordable Insurance Exchange Grants .....                                          | 478              | 1,140          | 868            | 24             | 906            | 1,087          |
| Grants to States for Medicaid .....                                                 | 258,365          | 270,868        | 269,525        | 274,964        | 255,263        | 282,819        |
| Children's Health Insurance Fund .....                                              | 10,004           | 8,659          | 10,745         | 8,629          | 9,778          | 10,027         |
| State Grants and Demonstrations .....                                               | 808              | 528            | 530            | 562            | 604            | 474            |
| Child Enrollment Contingency Fund .....                                             | 8                | 7              | 13             | 4              | 125            | 200            |
| Departmental Management:                                                            |                  |                |                |                |                |                |
| Pregnancy Assistance Fund .....                                                     | 25               | 25             | 25             | 7              | 22             | 25             |
| <b>Total, mandatory .....</b>                                                       | <b>269,938</b>   | <b>281,577</b> | <b>282,106</b> | <b>284,238</b> | <b>266,864</b> | <b>295,071</b> |
| <b>Total, Health .....</b>                                                          | <b>278,044</b>   | <b>290,136</b> | <b>290,436</b> | <b>292,847</b> | <b>275,199</b> | <b>303,184</b> |
| <b>Income Security</b>                                                              |                  |                |                |                |                |                |
| <b>Discretionary:</b>                                                               |                  |                |                |                |                |                |
| Department of Agriculture:                                                          |                  |                |                |                |                |                |
| Food and Nutrition Service:                                                         |                  |                |                |                |                |                |
| Commodity Assistance Program .....                                                  | 246              | 244            | 254            | 286            | 276            | 254            |
| Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) ..... | 6,172            | 7,018          | 7,041          | 6,787          | 7,072          | 7,427          |
| Department of Health and Human Services:                                            |                  |                |                |                |                |                |
| Administration for Children and Families:                                           |                  |                |                |                |                |                |
| Low Income Home Energy Assistance .....                                             | 4,701            | 3,472          | 3,020          | 4,419          | 3,726          | 3,338          |

**Table 18-1. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued**  
(In millions of dollars)

| Function, Category, Agency and Program                                                                  | Budget Authority |                |                | Outlays        |                |                |
|---------------------------------------------------------------------------------------------------------|------------------|----------------|----------------|----------------|----------------|----------------|
|                                                                                                         | 2011 Actual      | 2012 Estimate  | 2013 Estimate  | 2011 Actual    | 2012 Estimate  | 2013 Estimate  |
| Refugee and Entrant Assistance .....                                                                    | 504              | 504            | 625            | 632            | 633            | 722            |
| Payments to States for the Child Care and Development Block Grant ..                                    | 2,214            | 2,269          | 2,594          | 2,975          | 2,290          | 2,452          |
| Department of Homeland Security:                                                                        |                  |                |                |                |                |                |
| Federal Emergency Management Agency:                                                                    |                  |                |                |                |                |                |
| Emergency Food and Shelter .....                                                                        | 120              | 120            | 100            | 48             | 201            | 100            |
| Department of Housing and Urban Development:                                                            |                  |                |                |                |                |                |
| Public and Indian Housing Programs:                                                                     |                  |                |                |                |                |                |
| Public Housing Operating Fund .....                                                                     | 4,602            | 3,962          | 4,399          | 4,620          | 4,165          | 4,276          |
| Revitalization of Severely Distressed Public Housing (HOPE VI) .....                                    | 99               | .....          | .....          | 177            | 170            | 150            |
| Native Hawaiian Housing Block Grant .....                                                               | 13               | 13             | 13             | 6              | 10             | 12             |
| Tenant Based Rental Assistance .....                                                                    | 18,365           | 18,264         | 19,123         | 18,570         | 18,174         | 19,092         |
| Project-based Rental Assistance .....                                                                   | 315              | 289            | 260            | 315            | 289            | 260            |
| Public Housing Capital Fund .....                                                                       | 2,040            | 1,875          | 2,014          | 4,029          | 2,805          | 2,371          |
| Native American Housing Block Grant .....                                                               | 649              | 650            | 647            | 852            | 708            | 653            |
| Choice Neighborhoods .....                                                                              | .....            | 120            | 149            | .....          | .....          | 8              |
| Family Self-Sufficiency .....                                                                           | .....            | .....          | 60             | .....          | .....          | .....          |
| Community Planning and Development:                                                                     |                  |                |                |                |                |                |
| Homeless Assistance Grants .....                                                                        | 718              | 703            | 821            | 866            | 824            | 707            |
| Home Investment Partnership Program .....                                                               | 1,591            | 1,000          | 995            | 2,853          | 1,931          | 1,611          |
| Housing Opportunities for Persons with AIDS .....                                                       | 331              | 332            | 328            | 336            | 316            | 331            |
| Rural Housing and Economic Development .....                                                            | .....            | .....          | .....          | 14             | 19             | 18             |
| Permanent Supportive Housing .....                                                                      | .....            | .....          | .....          | 13             | 13             | 11             |
| Department of Labor:                                                                                    |                  |                |                |                |                |                |
| Employment and Training Administration:                                                                 |                  |                |                |                |                |                |
| Unemployment Trust Fund .....                                                                           | 3,250            | 3,421          | 3,421          | 3,447          | 2,128          | 1,591          |
| <b>Total, discretionary .....</b>                                                                       | <b>45,930</b>    | <b>44,256</b>  | <b>45,864</b>  | <b>51,245</b>  | <b>45,750</b>  | <b>45,384</b>  |
| <b>Mandatory:</b>                                                                                       |                  |                |                |                |                |                |
| Department of Agriculture:                                                                              |                  |                |                |                |                |                |
| Agricultural Marketing Service:                                                                         |                  |                |                |                |                |                |
| Funds for Strengthening Markets, Income, and Supply (section 32) .....                                  | 952              | 880            | 1,044          | 947            | 903            | 1,044          |
| Food and Nutrition Service:                                                                             |                  |                |                |                |                |                |
| Supplemental Nutrition Assistance Program .....                                                         | 6,721            | 6,888          | 7,061          | 5,973          | 6,832          | 7,034          |
| Commodity Assistance Program .....                                                                      | 21               | 21             | 21             | 21             | 22             | 21             |
| Child Nutrition Programs .....                                                                          | 17,306           | 18,136         | 19,768         | 17,112         | 19,436         | 19,768         |
| Department of Health and Human Services:                                                                |                  |                |                |                |                |                |
| Administration for Children and Families:                                                               |                  |                |                |                |                |                |
| Payments to States for Child Support Services and Family Support Programs .....                         | 4,159            | 4,048          | 3,867          | 4,182          | 3,869          | 3,873          |
| Contingency Fund .....                                                                                  | 334              | 612            | 293            | 1,956          | 1,317          | 393            |
| Payments to States for Foster Care and Adoption Assistance .....                                        | 6,990            | 7,006          | 7,165          | 6,859          | 6,795          | 7,170          |
| Child Care Entitlement to States .....                                                                  | 2,917            | 2,917          | 3,417          | 3,100          | 2,868          | 3,286          |
| Temporary Assistance for Needy Families .....                                                           | 16,950           | 16,739         | 17,058         | 17,116         | 16,538         | 17,306         |
| Department of Housing and Urban Development:                                                            |                  |                |                |                |                |                |
| Public and Indian Housing Programs:                                                                     |                  |                |                |                |                |                |
| Public Housing Capital Fund .....                                                                       | .....            | .....          | .....          | 147            | .....          | .....          |
| Community Planning and Development:                                                                     |                  |                |                |                |                |                |
| Housing Trust Fund .....                                                                                | .....            | .....          | 1,000          | .....          | .....          | 10             |
| Department of Labor:                                                                                    |                  |                |                |                |                |                |
| Employment and Training Administration:                                                                 |                  |                |                |                |                |                |
| Unemployment Trust Fund .....                                                                           | 1,916            | 1,186          | 766            | 1,915          | 1,186          | 766            |
| Department of the Treasury:                                                                             |                  |                |                |                |                |                |
| Departmental Offices:                                                                                   |                  |                |                |                |                |                |
| Grants to States for Low-Income Housing Projects in Lieu of Low-Income Housing Credit Allocations ..... | 136              | .....          | .....          | 3,052          | 635            | .....          |
| <b>Total, mandatory .....</b>                                                                           | <b>58,402</b>    | <b>58,433</b>  | <b>61,460</b>  | <b>62,380</b>  | <b>60,401</b>  | <b>60,671</b>  |
| <b>Total, Income Security .....</b>                                                                     | <b>104,332</b>   | <b>102,689</b> | <b>107,324</b> | <b>113,625</b> | <b>106,151</b> | <b>106,055</b> |
| <b>Social Security</b>                                                                                  |                  |                |                |                |                |                |
| <b>Mandatory:</b>                                                                                       |                  |                |                |                |                |                |
| Social Security Administration:                                                                         |                  |                |                |                |                |                |
| Federal Disability Insurance Trust Fund .....                                                           | 22               | 30             | 28             | 27             | 30             | 28             |



**Table 18-1. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued**  
(In millions of dollars)

| Function, Category, Agency and Program                           | Budget Authority |               |               | Outlays      |               |               |
|------------------------------------------------------------------|------------------|---------------|---------------|--------------|---------------|---------------|
|                                                                  | 2011 Actual      | 2012 Estimate | 2013 Estimate | 2011 Actual  | 2012 Estimate | 2013 Estimate |
| <b>Veterans Benefits and Services</b>                            |                  |               |               |              |               |               |
| <b>Discretionary:</b>                                            |                  |               |               |              |               |               |
| Department of Veterans Affairs:                                  |                  |               |               |              |               |               |
| Veterans Health Administration:                                  |                  |               |               |              |               |               |
| Medical Services .....                                           | 822              | 733           | 765           | 822          | 733           | 765           |
| Departmental Administration:                                     |                  |               |               |              |               |               |
| Grants for Construction of State Extended Care Facilities .....  | 85               | 85            | 85            | 124          | 261           | 74            |
| Grants for Construction of Veterans Cemeteries .....             | 46               | 46            | 46            | 50           | 33            | 33            |
| <b>Total, discretionary .....</b>                                | <b>953</b>       | <b>864</b>    | <b>896</b>    | <b>996</b>   | <b>1,027</b>  | <b>872</b>    |
| <b>Total, Veterans Benefits and Services .....</b>               | <b>953</b>       | <b>864</b>    | <b>896</b>    | <b>996</b>   | <b>1,027</b>  | <b>872</b>    |
| <b>Administration of Justice</b>                                 |                  |               |               |              |               |               |
| <b>Discretionary:</b>                                            |                  |               |               |              |               |               |
| Department of Housing and Urban Development:                     |                  |               |               |              |               |               |
| Fair Housing and Equal Opportunity:                              |                  |               |               |              |               |               |
| Fair Housing Activities .....                                    | 71               | 72            | 68            | 50           | 71            | 73            |
| Department of Justice:                                           |                  |               |               |              |               |               |
| Legal Activities and U.S. Marshals:                              |                  |               |               |              |               |               |
| Assets Forfeiture Fund .....                                     | 21               | 21            | 21            | 17           | 18            | 21            |
| Office of Justice Programs:                                      |                  |               |               |              |               |               |
| Research, Evaluation, and Statistics .....                       | 144              | 58            | 78            | 166          | 174           | 134           |
| State and Local Law Enforcement Assistance .....                 | 1,219            | 1,094         | 945           | 1,751        | 1,727         | 1,589         |
| Juvenile Justice Programs .....                                  | 241              | 211           | 202           | 293          | 334           | 341           |
| Community Oriented Policing Services .....                       | 304              | 162           | 278           | 623          | 800           | 518           |
| Violence against Women Prevention and Prosecution Programs ..... | 404              | 390           | 392           | 449          | 457           | 533           |
| Equal Employment Opportunity Commission:                         |                  |               |               |              |               |               |
| Salaries and Expenses .....                                      | 30               | 30            | 30            | 29           | 30            | 30            |
| Federal Drug Control Programs:                                   |                  |               |               |              |               |               |
| High-intensity Drug Trafficking Areas Program .....              | 217              | 239           | 200           | 220          | 194           | 238           |
| State Justice Institute:                                         |                  |               |               |              |               |               |
| State Justice Institute: Salaries and Expenses .....             | 5                | 5             | 5             | 4            | 6             | 6             |
| <b>Total, discretionary .....</b>                                | <b>2,656</b>     | <b>2,282</b>  | <b>2,219</b>  | <b>3,602</b> | <b>3,811</b>  | <b>3,483</b>  |
| <b>Mandatory:</b>                                                |                  |               |               |              |               |               |
| Department of Justice:                                           |                  |               |               |              |               |               |
| Legal Activities and U.S. Marshals:                              |                  |               |               |              |               |               |
| Assets Forfeiture Fund .....                                     | 579              | 574           | 573           | 531          | 520           | 566           |
| Office of Justice Programs:                                      |                  |               |               |              |               |               |
| Community Oriented Policing Stabilization Fund .....             |                  | 3,992         |               |              | 2,395         | 1,597         |
| Crime Victims Fund .....                                         | 605              | 655           | 655           | 667          | 761           | 1,095         |
| Department of the Treasury:                                      |                  |               |               |              |               |               |
| Departmental Offices:                                            |                  |               |               |              |               |               |
| Treasury Forfeiture Fund .....                                   | 207              | 36            | 216           | 76           | 262           | 200           |
| <b>Total, mandatory .....</b>                                    | <b>1,391</b>     | <b>5,257</b>  | <b>1,444</b>  | <b>1,274</b> | <b>3,938</b>  | <b>3,458</b>  |
| <b>Total, Administration of Justice .....</b>                    | <b>4,047</b>     | <b>7,539</b>  | <b>3,663</b>  | <b>4,876</b> | <b>7,749</b>  | <b>6,941</b>  |
| <b>General Government</b>                                        |                  |               |               |              |               |               |
| <b>Discretionary:</b>                                            |                  |               |               |              |               |               |
| Department of the Interior:                                      |                  |               |               |              |               |               |
| United States Fish and Wildlife Service:                         |                  |               |               |              |               |               |
| National Wildlife Refuge Fund .....                              | 15               | 14            |               | 14           | 14            |               |
| Insular Affairs:                                                 |                  |               |               |              |               |               |
| Assistance to Territories .....                                  | 57               | 60            | 57            | 57           | 65            | 70            |
| Trust Territory of the Pacific Islands .....                     |                  |               |               | 1            | 1             | 1             |
| District of Columbia:                                            |                  |               |               |              |               |               |
| District of Columbia Courts:                                     |                  |               |               |              |               |               |
| Federal Payment to the District of Columbia Courts .....         | 243              | 243           | 220           | 261          | 235           | 245           |
| Defender Services in District of Columbia Courts .....           | 55               | 45            | 50            | 49           | 59            | 60            |

**Table 18–1. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued**  
(In millions of dollars)

| Function, Category, Agency and Program                             | Budget Authority |                |                | Outlays        |                |                |
|--------------------------------------------------------------------|------------------|----------------|----------------|----------------|----------------|----------------|
|                                                                    | 2011 Actual      | 2012 Estimate  | 2013 Estimate  | 2011 Actual    | 2012 Estimate  | 2013 Estimate  |
| District of Columbia General and Special Payments:                 |                  |                |                |                |                |                |
| Federal Support for Economic Development and Management            |                  |                |                |                |                |                |
| Reforms in the District .....                                      | 24               | 23             | 34             | 24             | 23             | 34             |
| Election Assistance Commission:                                    |                  |                |                |                |                |                |
| Election Reform Programs .....                                     |                  |                |                | 95             | 24             | 5              |
| <b>Total, discretionary .....</b>                                  | <b>394</b>       | <b>385</b>     | <b>361</b>     | <b>501</b>     | <b>421</b>     | <b>415</b>     |
| <b>Mandatory:</b>                                                  |                  |                |                |                |                |                |
| Department of Agriculture:                                         |                  |                |                |                |                |                |
| Forest Service:                                                    |                  |                |                |                |                |                |
| Forest Service Permanent Appropriations .....                      | 454              | 359            | 85             | 437            | 371            | 126            |
| Department of Energy:                                              |                  |                |                |                |                |                |
| Energy Programs:                                                   |                  |                |                |                |                |                |
| Payments to States under Federal Power Act .....                   | 6                | 3              | 3              | 4              | 3              | 3              |
| Department of Homeland Security:                                   |                  |                |                |                |                |                |
| Customs and Border Protection:                                     |                  |                |                |                |                |                |
| Refunds, Transfers, and Expenses of Operation, Puerto Rico .....   | 101              | 95             | 96             | 88             | 132            | 98             |
| Department of the Interior:                                        |                  |                |                |                |                |                |
| Office of Surface Mining Reclamation and Enforcement:              |                  |                |                |                |                |                |
| Payments to States in Lieu of Coal Fee Receipts .....              | 160              | 180            | .....          | .....          | 237            | 120            |
| United States Fish and Wildlife Service:                           |                  |                |                |                |                |                |
| National Wildlife Refuge Fund .....                                | 7                | 8              | 8              | 5              | 8              | 9              |
| Departmental Offices:                                              |                  |                |                |                |                |                |
| Mineral Leasing and Associated Payments .....                      | 1,921            | 2,075          | 2,144          | 1,921          | 2,075          | 2,144          |
| National Petroleum Reserve, Alaska .....                           | 3                | 3              | 3              | 3              | 3              | 3              |
| Geothermal Lease Revenues, Payment to Counties .....               | 4                | 4              | .....          | 4              | 4              | .....          |
| Insular Affairs:                                                   |                  |                |                |                |                |                |
| Assistance to Territories .....                                    | 28               | 28             | 28             | 18             | 26             | 37             |
| Payments to the United States Territories, Fiscal Assistance ..... | 208              | 248            | 248            | 208            | 248            | 248            |
| Department-Wide Programs:                                          |                  |                |                |                |                |                |
| Payments in Lieu of Taxes .....                                    | 376              | 387            | 398            | 375            | 387            | 398            |
| Department of the Treasury:                                        |                  |                |                |                |                |                |
| Alcohol and Tobacco Tax and Trade Bureau:                          |                  |                |                |                |                |                |
| Internal Revenue Collections for Puerto Rico .....                 | 452              | 487            | 466            | 452            | 487            | 466            |
| Internal Revenue Service:                                          |                  |                |                |                |                |                |
| Build America Bond Payments, Recovery Act .....                    | 3,597            | 3,456          | 3,958          | 3,597          | 3,456          | 3,958          |
| Corps of Engineers--Civil Works:                                   |                  |                |                |                |                |                |
| Permanent Appropriations .....                                     | 4                | .....          | .....          | .....          | .....          | .....          |
| <b>Total, mandatory .....</b>                                      | <b>7,321</b>     | <b>7,333</b>   | <b>7,437</b>   | <b>7,112</b>   | <b>7,437</b>   | <b>7,610</b>   |
| <b>Total, General Government .....</b>                             | <b>7,715</b>     | <b>7,718</b>   | <b>7,798</b>   | <b>7,613</b>   | <b>7,858</b>   | <b>8,025</b>   |
| <b>Total, Grants .....</b>                                         | <b>531,600</b>   | <b>688,961</b> | <b>552,911</b> | <b>606,766</b> | <b>612,419</b> | <b>632,664</b> |
| Discretionary .....                                                | 129,198          | 126,241        | 127,738        | 189,835        | 164,888        | 144,364        |
| Mandatory .....                                                    | 402,402          | 562,720        | 425,173        | 416,931        | 447,531        | 488,300        |

<sup>1</sup> Management of the Coastal Impact Assistance program was transferred in 2012 from the Bureau of Ocean Energy Management, Regulation and Enforcement to the U.S. Fish and Wildlife Service.

<sup>2</sup> These programs are included in the surface transportation reauthorization proposal. As part of that proposal, the Administration proposes to reclassify all surface transportation outlays as mandatory, consistent with the recommendations of the President's National Commission on Fiscal Responsibility and Reform, and to also move a number of current General Fund programs into the Transportation Trust Fund. For comparability purposes, the Budget reclassifies 2011 actual and 2012 estimated budget authority and outlays as mandatory. The table reflects these changes.

## HISTORICAL PERSPECTIVES

The 19th century witnessed national expansion and a growth in Federal aid. With westward development and population growth, Congress recognized a great need for internal improvement projects. Many early grants came in the form of land and were used for canals, waterways, roads and railroads, although, at that time, grants were made to individuals, corporations, and territories since

most of the States of the trans-Mississippi west did not enter the Union until after the Civil War.

The rudiments of the present system of State grants-in-aid date back to the Civil War. After the War, key Supreme Court decisions expanded Federal powers under the Necessary and Proper Clause of the Constitution. Congress supported westward expansion with the Pacific

Railroad Act of 1862, which enabled the government to charter railroad corporations that constructed a trans-continental railroad. The Morrill Act, passed in 1862, established the land grant colleges and instituted certain federally required standards for States that received the grants, as is characteristic of present-day grant programs.

The Weeks Act of 1911 is an early example of the modern grant-in-aid program model because it contained several mechanisms that became common in future grants, including conditioning the receipt of Federal funds on approval of State plans, requiring matching State funds, and specifying the oversight role of Federal officials.<sup>9</sup> In 1914, Congress passed the Smith-Lever Act, another early grant-in-aid program which distributed millions of dollars in agricultural assistance to States for extension services by the land grant universities.

During the Great Depression, the reach of Federal grants-in-aid expanded to meet income security and other social welfare needs. The Federal Emergency Relief Act of 1933 was the first piece of legislation that specifically provided fiscal relief to States through grants.<sup>10</sup> However, Federal grants did not become a significant portion of Federal Government expenditures until after World War II. During the mid-part of the 20th century, the Eisenhower Administration made great investments in the National infrastructure system through the creation of the Interstate Highway program.

As shown in Table 18-2,<sup>11</sup> Federal grants for transportation were \$3.0 billion or 43 percent of all Federal grants in 1960 due to the initiation of aid-to-States to build the Interstate Highway System in the late 1950s. Transportation is now the fourth largest grant category and accounted for 10 percent of total grant outlays in 2011.

By 1970 there had been significant increases in grant funding for education, training, employment, and social services. This function was the largest grant category in 1970 and accounted for 27 percent of total grant outlays. In 2011, education, training, employment, and social services constituted 15 percent of total grant outlays. Also, in the early and mid-1970s, major new grants were created for natural resources and environment (construction of sewage treatment plants), community and regional development (community development block grants), and general government (general revenue sharing).

Since 1980, changes in the relative amounts among functions reflect steady growth of grants for health (primarily Medicaid) and income security. In 1980, grants for health programs constituted 17 percent of total grant spending. This amount grew to 32 percent in 1990 and 48 percent in 2010. In 2011, expenditures for health grants

were \$292.8 billion and 48 percent of total Federal grant spending.

Grants for income security programs accounted for 20 percent of grant funding in 1980, 27 percent in 1990 and 19 percent in 2010. Expenditures for income security grants were \$113.6 billion and 19 percent of Federal grant spending in 2011.

Section B of Table 18-2 distributes grants between mandatory and discretionary spending. Programs whose funding is provided directly in authorizing legislation are categorized as mandatory. Funding levels for most mandatory programs can only be changed by changing eligibility criteria or benefit formulas established in law and are usually not limited by the annual appropriations process.<sup>12</sup> Outlays for mandatory grant programs were \$416.9 billion in 2011. As shown in Table 18-1, the three largest mandatory grant programs in 2011 were Medicaid, with outlays of \$275.0 billion; Temporary Assistance for Needy Families, \$17.1 billion; and Child Nutrition Programs, which include the School Breakfast Program, the National School Lunch Program and others, \$17.1 billion.

Funding levels for discretionary grant programs are determined annually through appropriations acts. Outlays for discretionary grant programs were \$189.8 billion in 2011. As shown in Table 18-1, the three largest discretionary programs in 2011 were Federal-aid Highways, \$35.1 billion; Accelerating Achievement and Ensuring Equity (Education for the Disadvantaged), \$19.5 billion; and Tenant Based Rental Assistance, \$18.6 billion.

Section C of Table 18-2 divides grants among three major categories: payments for individuals, grants for physical capital, and other grants. Grant outlays for payments for individuals, which are primarily entitlement programs in which the Federal Government and the States share the costs, have grown significantly as a percent of total grants. They increased from about a third of the total in 1960 to slightly less than two-thirds in the mid-1990s, and have remained about that proportion since. These grants are distributed through State or local governments to provide cash or in-kind benefits that constitute income transfers to individuals or families. The major grant in this category is Medicaid. Temporary Assistance for Needy Families, child nutrition programs, and housing assistance are also large grants in this category. Grant spending in the payments for individuals category equaled \$387.8 billion in 2011 or 64 percent of total grant spending.

Grants for physical capital assist States and localities with construction and other physical capital activities. The major capital grants are for highways, but there are also grants for airports, mass transit, sewage treatment plant construction, and community development. Grants for physical capital were almost half of total grants in 1960 shortly after grants began for construction of the Interstate Highway System. The relative share of these outlays has declined, as payments for individuals have grown. In 2011, grants for physical capital were \$97 billion, 16 percent of total grants.

<sup>9</sup> Canada, Ben. February 19, 2003. Federal Grants to State and Local Governments: A Brief History. Congressional Research Service, The Library of Congress.

<sup>10</sup> Ibid.

<sup>11</sup> Table 18-2 displays trends in Federal grants to State and local governments since 1960. Section A shows Federal grants by function. Functions with a substantial amount of grant funding are broken out on separate lines. Grants for national defense, energy, social security, and veterans benefits and services functions are combined on the "Other" line.

<sup>12</sup> For more information on these categories, see Chapter 12, "Budget Concepts," in this volume.

All other grants are captured in the “other” category. These grants were 20.2 percent of total grants in 2011 and totaled \$122.4 billion.

Section D of Table 18-2 shows grants as a percent of Federal outlays, State and local expenditures, and gross domestic product. Grants have increased as a percent of total Federal outlays from 11 percent in 1990 to 18 percent in 2010 and were 17 percent in 2011. Grants as a percent of domestic programs were 22 percent in 2011.

Federal grants have increased as a percent of total State and local expenditures since 1990 when they were 19 percent. However, a comparison with State and local expenditures for 2011 cannot be made because final data are not yet available for that year.

Section E shows the relative contribution of physical capital grants in assisting States and localities with gross investment. Federal capital grants are estimated to be 30 percent of State and local gross investment in 2011.

**Table 18-2. TRENDS IN FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS**  
(Outlays in billions of dollars)

|                                                                  | Actual        |               |               |               |               |               |               |               |               |               |               | Estimate      |               |
|------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                                                  | 1960          | 1965          | 1970          | 1975          | 1980          | 1985          | 1990          | 1995          | 2000          | 2005          | 2011          | 2012          | 2013          |
| <b>A. Distribution of grants by function:</b>                    |               |               |               |               |               |               |               |               |               |               |               |               |               |
| Natural resources and environment .....                          | 0.1           | 0.2           | 0.4           | 2.4           | 5.4           | 4.1           | 3.7           | 4.0           | 4.6           | 5.9           | 8.3           | 7.1           | 6.5           |
| Agriculture .....                                                | 0.2           | 0.5           | 0.6           | 0.4           | 0.6           | 2.4           | 1.3           | 0.8           | 0.7           | 0.9           | 0.9           | 1.1           | 1.0           |
| Transportation .....                                             | 3.0           | 4.1           | 4.6           | 5.9           | 13.0          | 17.0          | 19.2          | 25.8          | 32.2          | 43.4          | 61.0          | 66.7          | 81.9          |
| Community and regional development .....                         | 0.1           | 0.6           | 1.8           | 2.8           | 6.5           | 5.2           | 5.0           | 7.2           | 8.7           | 20.2          | 19.9          | 17.7          | 20.7          |
| Education, training, employment, and social services .....       | 0.5           | 1.1           | 6.4           | 12.1          | 21.9          | 17.1          | 21.8          | 30.9          | 36.7          | 57.2          | 89.1          | 114.8         | 93.4          |
| Health .....                                                     | 0.2           | 0.6           | 3.8           | 8.8           | 15.8          | 24.5          | 43.9          | 93.6          | 124.8         | 197.8         | 292.8         | 275.2         | 303.2         |
| Income security .....                                            | 2.6           | 3.5           | 5.8           | 9.4           | 18.5          | 27.9          | 36.8          | 58.4          | 68.7          | 90.9          | 113.6         | 106.2         | 106.1         |
| Administration of justice .....                                  | .....         | .....         | 0.0           | 0.7           | 0.5           | 0.1           | 0.6           | 1.2           | 5.3           | 4.8           | 4.9           | 7.7           | 6.9           |
| General government .....                                         | 0.2           | 0.2           | 0.5           | 7.1           | 8.6           | 6.8           | 2.3           | 2.3           | 2.1           | 4.4           | 7.6           | 7.9           | 8.0           |
| Other .....                                                      | 0.0           | 0.1           | 0.1           | 0.2           | 0.7           | 0.8           | 0.8           | 0.8           | 2.1           | 2.6           | 8.5           | 8.2           | 4.9           |
| <b>Total .....</b>                                               | <b>7.0</b>    | <b>10.9</b>   | <b>24.1</b>   | <b>49.8</b>   | <b>91.4</b>   | <b>105.9</b>  | <b>135.3</b>  | <b>225.0</b>  | <b>285.9</b>  | <b>428.0</b>  | <b>606.8</b>  | <b>612.4</b>  | <b>632.7</b>  |
| <b>B. Distribution of grants by BEA category:</b>                |               |               |               |               |               |               |               |               |               |               |               |               |               |
| Discretionary .....                                              | N/A           | 2.9           | 10.2          | 21.0          | 53.3          | 55.5          | 63.3          | 94.0          | 116.7         | 181.7         | 189.8         | 164.9         | 144.4         |
| Mandatory .....                                                  | N/A           | 8.0           | 13.9          | 28.8          | 38.1          | 50.4          | 72.0          | 131.0         | 169.2         | 246.3         | 416.9         | 447.5         | 488.3         |
| <b>Total .....</b>                                               | <b>7.0</b>    | <b>10.9</b>   | <b>24.1</b>   | <b>49.8</b>   | <b>91.4</b>   | <b>105.9</b>  | <b>135.3</b>  | <b>225.0</b>  | <b>285.9</b>  | <b>428.0</b>  | <b>606.8</b>  | <b>612.4</b>  | <b>632.7</b>  |
| <b>C. Composition:</b>                                           |               |               |               |               |               |               |               |               |               |               |               |               |               |
| Current dollars:                                                 |               |               |               |               |               |               |               |               |               |               |               |               |               |
| Payments for individuals <sup>1</sup> .....                      | 2.5           | 3.7           | 8.7           | 16.8          | 32.6          | 50.1          | 77.3          | 144.4         | 182.6         | 273.9         | 387.8         | 368.6         | 399.3         |
| Physical capital <sup>1</sup> .....                              | 3.3           | 5.0           | 7.1           | 10.9          | 22.6          | 24.9          | 27.2          | 39.6          | 48.7          | 60.8          | 96.5          | 96.5          | 108.3         |
| Other grants .....                                               | 1.2           | 2.2           | 8.3           | 22.2          | 36.2          | 30.9          | 30.9          | 41.0          | 54.6          | 93.3          | 122.4         | 147.4         | 125.0         |
| <b>Total .....</b>                                               | <b>7.0</b>    | <b>10.9</b>   | <b>24.1</b>   | <b>49.8</b>   | <b>91.4</b>   | <b>105.9</b>  | <b>135.3</b>  | <b>225.0</b>  | <b>285.9</b>  | <b>428.0</b>  | <b>606.8</b>  | <b>612.4</b>  | <b>632.7</b>  |
| Percentage of total grants:                                      |               |               |               |               |               |               |               |               |               |               |               |               |               |
| Payments for individuals <sup>1</sup> .....                      | 35.3%         | 34.1%         | 36.2%         | 33.6%         | 35.7%         | 47.3%         | 57.1%         | 64.2%         | 63.9%         | 64.0%         | 63.9%         | 60.2%         | 63.1%         |
| Physical capital <sup>1</sup> .....                              | 47.3%         | 45.7%         | 29.3%         | 21.9%         | 24.7%         | 23.5%         | 20.1%         | 17.6%         | 17.0%         | 14.2%         | 15.9%         | 15.7%         | 17.1%         |
| Other grants .....                                               | 17.4%         | 20.2%         | 34.5%         | 44.5%         | 39.6%         | 29.2%         | 22.8%         | 18.2%         | 19.1%         | 21.8%         | 20.2%         | 24.1%         | 19.8%         |
| <b>Total .....</b>                                               | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |
| Constant (FY 2005) dollars:                                      |               |               |               |               |               |               |               |               |               |               |               |               |               |
| Payments for individuals <sup>1</sup> .....                      | 13.3          | 18.8          | 37.3          | 53.5          | 71.1          | 83.5          | 107.6         | 175.7         | 203.2         | 273.9         | 336.7         | 311.6         | 331.3         |
| Physical capital <sup>1</sup> .....                              | 19.6          | 27.9          | 31.4          | 30.0          | 44.9          | 39.5          | 37.6          | 50.0          | 56.5          | 60.8          | 76.2          | 73.9          | 80.5          |
| Other grants .....                                               | 12.3          | 19.2          | 55.0          | 103.4         | 111.1         | 66.6          | 53.0          | 57.9          | 67.0          | 93.3          | 101.8         | 118.9         | 97.8          |
| <b>Total .....</b>                                               | <b>45.3</b>   | <b>65.9</b>   | <b>123.7</b>  | <b>186.9</b>  | <b>227.1</b>  | <b>189.6</b>  | <b>198.1</b>  | <b>283.6</b>  | <b>326.8</b>  | <b>428.0</b>  | <b>514.6</b>  | <b>504.4</b>  | <b>509.6</b>  |
| <b>D. Total grants as a percent of:</b>                          |               |               |               |               |               |               |               |               |               |               |               |               |               |
| Federal outlays:                                                 |               |               |               |               |               |               |               |               |               |               |               |               |               |
| Total .....                                                      | 7.6%          | 9.2%          | 12.3%         | 15.0%         | 15.5%         | 11.2%         | 10.8%         | 14.8%         | 16.0%         | 17.3%         | 16.8%         | 16.1%         | 16.6%         |
| Domestic programs <sup>2</sup> .....                             | 18.0%         | 18.3%         | 23.2%         | 21.7%         | 22.2%         | 18.2%         | 17.1%         | 21.6%         | 22.0%         | 23.5%         | 22.4%         | 21.1%         | 21.8%         |
| State and local expenditures .....                               | 14.8%         | 15.5%         | 20.1%         | 24.0%         | 27.4%         | 22.0%         | 18.9%         | 22.8%         | 22.2%         | 24.5%         | 27.5%         | N/A           | N/A           |
| Gross domestic product .....                                     | 1.4%          | 1.6%          | 2.4%          | 3.2%          | 3.4%          | 2.6%          | 2.4%          | 3.1%          | 2.9%          | 3.4%          | 4.1%          | 3.9%          | 3.9%          |
| <b>E. As a share of total State and local gross investments:</b> |               |               |               |               |               |               |               |               |               |               |               |               |               |
| Federal capital grants .....                                     | 24.6%         | 25.5%         | 25.4%         | 26.0%         | 35.4%         | 30.2%         | 21.9%         | 26.0%         | 22.0%         | 22.0%         | 29.7%         | 29.2%         | 31.4%         |
| State and local own-source financing .....                       | 75.4%         | 74.5%         | 74.6%         | 74.0%         | 64.6%         | 69.8%         | 78.1%         | 74.0%         | 78.0%         | 78.0%         | 70.3%         | 70.8%         | 68.6%         |
| <b>Total .....</b>                                               | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |

N/A: Not available at publishing.

\* 50 million or less.

<sup>1</sup> Grants that are both payments for individuals and capital investment are shown under capital investment.

<sup>2</sup> Excludes national defense, international affairs, net interest, and undistributed offsetting receipts.

## OTHER INFORMATION ON FEDERAL AID TO STATE AND LOCAL GOVERNMENTS

Additional information regarding aid to State and local governments can be found elsewhere in this Budget. Major public physical capital investment programs providing Federal grants to State and local governments are identified in Chapter 21, “Federal Investment,” in this volume. Summary and detailed data for grants to State and local governments can be found in many sections of a separate volume of the Budget entitled Historical Tables. Section 12 of that document is devoted exclusively to grants to State and local governments. Additional information on grants can be found in Section 6, Composition of Federal Government Outlays; Section 9, Federal Government Outlays for Major Public Physical Capital, Research and Development, and Education and Training; Section 11, Federal Government Payments for Individuals; and Section 15, Total (Federal and State and Local) Government Finances.

In addition, a number of other sources provide State-by-State data, information on how to apply for Federal aid, or display information about audits but use a slightly different concept of grants.

The *Catalog of Federal Domestic Assistance* is a primary reference source for communities wishing to apply for grants and other domestic assistance. The *Catalog* is prepared by the General Services Administration and contains a detailed listing of grant and other assistance programs; discussions of eligibility criteria, application procedures, and estimated obligations; and related information. The *Catalog* is available on the Internet at [www.cfda.gov](http://www.cfda.gov).

Current and updated grant receipt information by State and local governments can be found on [USAspending.gov](http://USAspending.gov). This public website also contains contract and loan information and is updated twice per month. Additional cur-

rent and updated information about grants provided specifically by the Recovery Act can be found on [Recovery.gov](http://Recovery.gov).

The Bureau of the Census in the Department of Commerce provides data on public finances, including Federal aid to State and local governments. The Bureau’s major reports and databases on grant-making include:

- *Federal Aid to States*, a report on Federal grant spending by State for the most recently completed fiscal year.
- *The Consolidated Federal Funds Report* is an annual document that shows the distribution of Federal spending by State and county areas and by local governmental jurisdictions.
- The Federal Audit Clearinghouse maintains an online database ([harvester.census.gov/sac](http://harvester.census.gov/sac)) that provides access to summary information about audits conducted under OMB Circular A–133, “Audits to States, Local Governments, and Non-Profit Organizations.” Information is available for each audited entity, including the amount of Federal money expended by program and whether there were audit findings.

The Bureau of Economic Analysis, also in the Department of Commerce, publishes the monthly *Survey of Current Business*, which provides data on the national income and product accounts (NIPA), a broad statistical concept encompassing the entire economy. These accounts include data on Federal grants to State and local governments. Data using the NIPA concepts appear in this volume in Chapter 29, “National Income and Product Accounts.”

## APPENDIX: SELECTED GRANT DATA BY STATE

This Appendix displays State-by-State spending for select grant programs to State and local governments with summary information in the first two tables. The programs selected here cover almost 80 percent of total grant spending.

The first summary table, “Summary of Programs by Agency, Bureau, and Program” shows obligations for each program by agency and bureau. The second summary table, “Summary of Grant Programs by State,” shows total obligations for each State across all programs.

The individual program tables display obligations for each program on a State-by-State basis, consistent with the estimates in this Budget. Each table reports the following information:

- The Federal agency that administers the program.
- The program title and number as contained in the *Catalog of Federal Domestic Assistance*.

- The budget account number from which the program is funded.
- Actual 2011 obligations for States, Federal territories, or Indian Tribes in thousands of dollars. Undistributed obligations are generally project funds that are not distributed by formula, or programs for which State-by-State data are not available.
- Estimates of 2012 obligations by State from previous budget authority and under new authority.
- Estimates of 2013 obligations by State, which are based on the 2013 Budget request, unless otherwise noted.
- The percentage share of 2013 estimated program funds distributed to each State.

**Table 18–3. SUMMARY OF PROGRAMS BY AGENCY, BUREAU, AND PROGRAM**  
(Obligations in millions of dollars)

| Agency, Bureau, and Program                                                                                         | FY 2011 (actual) | Estimated FY 2012 obligations from: |                |                | FY 2013 (estimated) |
|---------------------------------------------------------------------------------------------------------------------|------------------|-------------------------------------|----------------|----------------|---------------------|
|                                                                                                                     |                  | Previous authority                  | New authority  | Total          |                     |
| <b>Department of Agriculture, Food and Nutrition Service:</b>                                                       |                  |                                     |                |                |                     |
| School Breakfast Program (10.553) .....                                                                             | 3,076            | .....                               | 3,321          | 3,321          | 3,503               |
| National School Lunch Program (10.555) .....                                                                        | 10,321           | 629                                 | 10,088         | 10,717         | 11,405              |
| Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) (10.557) .....                        | 7,123            | 144                                 | 6,947          | 7,091          | 7,144               |
| Child and Adult Care Food Program (10.558) .....                                                                    | 2,732            | .....                               | 2,758          | 2,758          | 2,917               |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Food Stamps) (10.561) ..... | 3,132            | .....                               | 3,742          | 3,742          | 3,867               |
| <b>Department of Education, Office of Elementary and Secondary Education:</b>                                       |                  |                                     |                |                |                     |
| Title I College-And-Career-Ready Students (Formerly Title I Grants to Local Educational Agencies) (84.010) .....    | 14,443           | .....                               | 14,516         | 14,516         | 14,516              |
| Improving Teacher Quality State Grants (84.367) .....                                                               | 2,465            | .....                               | 2,467          | 2,467          | .....               |
| Effective Teachers and Leaders State Grants .....                                                                   | .....            | .....                               | .....          | .....          | 2,467               |
| <b>Department of Education, Office of Special Education and Rehabilitative Services:</b>                            |                  |                                     |                |                |                     |
| Vocational Rehabilitation Grants (84.126) .....                                                                     | 3,085            | .....                               | 3,122          | 3,122          | 3,167               |
| Special Education-Grants to States (84.027) .....                                                                   | 11,466           | .....                               | 11,578         | 11,578         | 11,578              |
| <b>Department of Health and Human Services, Centers for Medicare and Medicaid Services:</b>                         |                  |                                     |                |                |                     |
| Children's Health Insurance Program (93.767) .....                                                                  | 13,459           | .....                               | 14,982         | 14,982         | 17,406              |
| Grants to States for Medicaid (93.778) .....                                                                        | 295,836          | .....                               | 266,622        | 266,622        | 284,874             |
| <b>Department of Health and Human Services, Administration for Children and Families:</b>                           |                  |                                     |                |                |                     |
| Temporary Assistance for Needy Families (TANF)-Family Assistance Grants (93.558) .....                              | 16,935           | .....                               | 16,739         | 16,739         | 16,739              |
| Child Support Enforcement-Federal Share of State and Local Administrative Costs and Incentives (93.563) .....       | 4,554            | .....                               | 4,225          | 4,225          | 4,041               |
| Low Income Home Energy Assistance Program (93.568) .....                                                            | 4,501            | .....                               | 3,472          | 3,472          | 2,820               |
| Child Care and Development Block Grant (93.575) .....                                                               | 2,222            | .....                               | 2,278          | 2,278          | 2,603               |
| Child Care and Development Fund-Mandatory (93.596A) .....                                                           | 1,240            | .....                               | 1,240          | 1,240          | 1,252               |
| Child Care and Development Fund-Matching (93.596B) .....                                                            | 1,664            | .....                               | 1,677          | 1,677          | 2,165               |
| Head Start (93.600) .....                                                                                           | 7,559            | .....                               | 7,969          | 7,969          | 8,054               |
| Foster Care-Title IV-E (93.658) .....                                                                               | 4,459            | .....                               | 4,110          | 4,110          | 4,146               |
| Adoption Assistance (93.659) .....                                                                                  | 2,362            | .....                               | 2,415          | 2,415          | 2,537               |
| Social Services Block Grant (93.667) .....                                                                          | 1,700            | .....                               | 1,700          | 1,700          | 1,700               |
| <b>Department of Health and Human Services, HIV/AIDS Bureau:</b>                                                    |                  |                                     |                |                |                     |
| Ryan White HIV/AIDS Treatment Modernization Act-Part B HIV Care Grants (93.917) .....                               | 1,253            | .....                               | 1,299          | 1,299          | 1,363               |
| <b>Department of Housing and Urban Development, Public and Indian Housing Programs:</b>                             |                  |                                     |                |                |                     |
| Public Housing Operating Fund (14.850) .....                                                                        | 4,600            | .....                               | 3,962          | 3,962          | 4,524               |
| Section 8 Housing Choice Vouchers (14.871) .....                                                                    | 18,510           | 179                                 | 18,264         | 18,443         | 19,123              |
| Public Housing Capital Fund (14.872) .....                                                                          | 2,115            | 68                                  | 1,875          | 1,943          | 2,070               |
| <b>Department of Housing and Urban Development, Community Planning and Development:</b>                             |                  |                                     |                |                |                     |
| Community Development Block Grant (14.218) .....                                                                    | 4,425            | 940                                 | 3,408          | 4,348          | 3,227               |
| <b>Department of Labor, Employment and Training Administration:</b>                                                 |                  |                                     |                |                |                     |
| Unemployment Insurance (17.225) .....                                                                               | 3,189            | .....                               | 3,189          | 3,189          | 3,028               |
| <b>Department of Transportation, Federal Aviation Administration:</b>                                               |                  |                                     |                |                |                     |
| Airport Improvement Program (20.106) .....                                                                          | 3,448            | .....                               | 5,199          | 5,199          | 2,277               |
| <b>Department of Transportation, Federal Highway Administration:</b>                                                |                  |                                     |                |                |                     |
| Highway Planning and Construction (20.205) .....                                                                    | 39,721           | .....                               | 39,883         | 39,883         | 42,189              |
| <b>Department of Transportation, Federal Transit Administration:</b>                                                |                  |                                     |                |                |                     |
| Transit Formula Grants Programs (20.507) .....                                                                      | 9,047            | 3,968                               | 5,256          | 9,224          | 9,624               |
| <b>Environmental Protection Agency, Office of Water:</b>                                                            |                  |                                     |                |                |                     |
| Capitalization Grants for Clean Water State Revolving Fund (66.458) .....                                           | 1,864            | 231                                 | 1,235          | 1,466          | 1,175               |
| Capitalization Grants for Drinking Water State Revolving Fund (66.468) .....                                        | 1,103            | 311                                 | 607            | 918            | 850                 |
| <b>Federal Communications Commission:</b>                                                                           |                  |                                     |                |                |                     |
| Universal Service Fund E-Rate .....                                                                                 | 1,885            | .....                               | 1,947          | 1,947          | 1,806               |
| <b>Total .....</b>                                                                                                  | <b>505,495</b>   | <b>6,470</b>                        | <b>472,092</b> | <b>478,561</b> | <b>500,157</b>      |

**Table 18-4. SUMMARY OF PROGRAMS BY STATE**  
(Obligations in millions of dollars)

| State or Territory                                       | All programs FY 2011 (actual) | Programs distributed in all years   |                |                | FY 2013 (estimated) | FY 2013 Percentage of distributed total |
|----------------------------------------------------------|-------------------------------|-------------------------------------|----------------|----------------|---------------------|-----------------------------------------|
|                                                          |                               | Estimated FY 2012 obligations from: |                |                |                     |                                         |
|                                                          |                               | Previous authority                  | New authority  | Total          |                     |                                         |
| Alabama                                                  | 6,739                         | 86                                  | 6,818          | 6,904          | 6,910               | 1.50                                    |
| Alaska                                                   | 2,253                         | 11                                  | 2,141          | 2,152          | 1,893               | 0.41                                    |
| Arizona                                                  | 9,960                         | 82                                  | 9,007          | 9,088          | 8,992               | 1.95                                    |
| Arkansas                                                 | 5,160                         | 25                                  | 4,966          | 4,991          | 5,114               | 1.11                                    |
| California                                               | 60,336                        | 786                                 | 52,824         | 53,610         | 53,321              | 11.54                                   |
| Colorado                                                 | 5,111                         | 101                                 | 4,847          | 4,947          | 4,822               | 1.04                                    |
| Connecticut                                              | 5,813                         | 207                                 | 5,307          | 5,514          | 5,651               | 1.22                                    |
| Delaware                                                 | 1,502                         | 19                                  | 1,384          | 1,404          | 1,422               | 0.31                                    |
| District of Columbia                                     | 2,871                         | 92                                  | 2,501          | 2,593          | 2,551               | 0.55                                    |
| Florida                                                  | 20,878                        | 353                                 | 19,786         | 20,139         | 21,139              | 4.57                                    |
| Georgia                                                  | 11,774                        | 187                                 | 11,383         | 11,570         | 11,792              | 2.55                                    |
| Hawaii                                                   | 1,888                         | 62                                  | 1,733          | 1,795          | 1,827               | 0.40                                    |
| Idaho                                                    | 2,023                         | 14                                  | 2,085          | 2,099          | 2,170               | 0.47                                    |
| Illinois                                                 | 16,147                        | 138                                 | 15,256         | 15,394         | 14,936              | 3.23                                    |
| Indiana                                                  | 8,626                         | 45                                  | 8,666          | 8,712          | 8,760               | 1.90                                    |
| Iowa                                                     | 4,227                         | 48                                  | 3,925          | 3,973          | 3,953               | 0.86                                    |
| Kansas                                                   | 3,363                         | 25                                  | 3,142          | 3,167          | 3,165               | 0.68                                    |
| Kentucky                                                 | 7,506                         | 36                                  | 7,079          | 7,115          | 7,025               | 1.52                                    |
| Louisiana                                                | 8,548                         | 205                                 | 8,188          | 8,393          | 8,068               | 1.75                                    |
| Maine                                                    | 2,735                         | 15                                  | 2,379          | 2,394          | 2,418               | 0.52                                    |
| Maryland                                                 | 7,555                         | 105                                 | 6,841          | 6,946          | 7,144               | 1.55                                    |
| Massachusetts                                            | 12,469                        | 319                                 | 11,203         | 11,522         | 11,444              | 2.48                                    |
| Michigan                                                 | 14,975                        | 111                                 | 14,302         | 14,412         | 14,609              | 3.16                                    |
| Minnesota                                                | 7,837                         | 61                                  | 7,859          | 7,921          | 7,741               | 1.68                                    |
| Mississippi                                              | 5,840                         | 42                                  | 6,146          | 6,188          | 6,430               | 1.39                                    |
| Missouri                                                 | 9,219                         | 105                                 | 9,195          | 9,300          | 9,216               | 1.99                                    |
| Montana                                                  | 1,659                         | 12                                  | 1,646          | 1,658          | 1,552               | 0.34                                    |
| Nebraska                                                 | 2,233                         | 21                                  | 2,154          | 2,175          | 2,162               | 0.47                                    |
| Nevada                                                   | 2,263                         | 32                                  | 2,302          | 2,334          | 2,227               | 0.48                                    |
| New Hampshire                                            | 1,553                         | 11                                  | 1,359          | 1,370          | 1,369               | 0.30                                    |
| New Jersey                                               | 12,125                        | 154                                 | 11,363         | 11,518         | 11,630              | 2.52                                    |
| New Mexico                                               | 4,291                         | 34                                  | 4,411          | 4,445          | 4,830               | 1.05                                    |
| New York                                                 | 47,391                        | 1,037                               | 47,568         | 48,605         | 50,700              | 10.97                                   |
| North Carolina                                           | 12,865                        | 147                                 | 12,758         | 12,905         | 12,920              | 2.80                                    |
| North Dakota                                             | 1,205                         | 21                                  | 1,071          | 1,093          | 1,031               | 0.22                                    |
| Ohio                                                     | 18,471                        | 114                                 | 18,590         | 18,704         | 18,710              | 4.05                                    |
| Oklahoma                                                 | 5,625                         | 21                                  | 5,457          | 5,479          | 5,578               | 1.21                                    |
| Oregon                                                   | 5,486                         | 31                                  | 5,344          | 5,375          | 5,403               | 1.17                                    |
| Pennsylvania                                             | 21,028                        | 154                                 | 19,822         | 19,977         | 20,128              | 4.36                                    |
| Rhode Island                                             | 2,278                         | 38                                  | 1,959          | 1,997          | 1,988               | 0.43                                    |
| South Carolina                                           | 6,360                         | 64                                  | 6,039          | 6,103          | 6,007               | 1.30                                    |
| South Dakota                                             | 1,275                         | 4                                   | 1,201          | 1,205          | 1,155               | 0.25                                    |
| Tennessee                                                | 9,661                         | 39                                  | 9,699          | 9,738          | 10,369              | 2.24                                    |
| Texas                                                    | 33,692                        | 517                                 | 32,393         | 32,910         | 33,804              | 7.31                                    |
| Utah                                                     | 3,080                         | 21                                  | 2,844          | 2,865          | 2,795               | 0.60                                    |
| Vermont                                                  | 1,487                         | 13                                  | 1,394          | 1,407          | 1,359               | 0.29                                    |
| Virginia                                                 | 7,934                         | 145                                 | 7,411          | 7,555          | 7,907               | 1.71                                    |
| Washington                                               | 7,620                         | 76                                  | 8,338          | 8,414          | 9,178               | 1.99                                    |
| West Virginia                                            | 3,675                         | 14                                  | 3,561          | 3,576          | 3,593               | 0.78                                    |
| Wisconsin                                                | 7,909                         | 110                                 | 7,265          | 7,375          | 7,423               | 1.61                                    |
| Wyoming                                                  | 917                           | 2                                   | 815            | 818            | 805                 | 0.17                                    |
| American Samoa                                           | 86                            | 0                                   | 81             | 81             | 76                  | 0.02                                    |
| Guam                                                     | 178                           | 10                                  | 166            | 176            | 165                 | 0.04                                    |
| Northern Mariana Islands                                 | 68                            | 1                                   | 75             | 76             | 64                  | 0.01                                    |
| Puerto Rico                                              | 3,526                         | 116                                 | 3,472          | 3,587          | 3,604               | 0.78                                    |
| Freely Associated States                                 | 37                            | 1                                   | 52             | 54             | 29                  | 0.01                                    |
| Virgin Islands                                           | 170                           | 11                                  | 164            | 175            | 168                 | 0.04                                    |
| Indian Tribes                                            | 870                           | 25                                  | 847            | 873            | 886                 | 0.19                                    |
| <b>Total, programs distributed by State in all years</b> | <b>472,374</b>                | <b>6,281</b>                        | <b>450,586</b> | <b>456,868</b> | <b>462,129</b>      | <b>100.00</b>                           |
| <b>MEMORANDUM:</b>                                       |                               |                                     |                |                |                     |                                         |
| Not distributed by State in all years <sup>1</sup>       | 33,121                        | 188                                 | 21,506         | 21,694         | 38,028              | N/A                                     |
| Total, including undistributed                           | 505,495                       | 6,470                               | 472,092        | 478,561        | 500,157             | N/A                                     |

<sup>1</sup> The sum of program obligations not distributed by State in all years.

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**Table 18-5. SCHOOL BREAKFAST PROGRAM (10.553)**

(Obligations in thousands of dollars)

| State or Territory             | FY 2011 Actual   | Estimated FY 2012 obligations from: |                  |                  | FY 2013<br>(estimated) | FY 2013<br>Percentage of<br>distributed total |
|--------------------------------|------------------|-------------------------------------|------------------|------------------|------------------------|-----------------------------------------------|
|                                |                  | Previous<br>authority               | New authority    | Total            |                        |                                               |
| Alabama .....                  | 54,405           | .....                               | 59,870           | 59,870           | 63,139                 | 1.80                                          |
| Alaska .....                   | 7,639            | .....                               | 8,406            | 8,406            | 8,865                  | 0.25                                          |
| Arizona .....                  | 66,341           | .....                               | 73,005           | 73,005           | 76,991                 | 2.20                                          |
| Arkansas .....                 | 40,056           | .....                               | 44,080           | 44,080           | 46,486                 | 1.33                                          |
| California .....               | 362,503          | .....                               | 398,916          | 398,916          | 420,697                | 12.01                                         |
| Colorado .....                 | 29,423           | .....                               | 32,379           | 32,379           | 34,146                 | 0.97                                          |
| Connecticut .....              | 21,355           | .....                               | 23,500           | 23,500           | 24,783                 | 0.71                                          |
| Delaware .....                 | 8,169            | .....                               | 8,990            | 8,990            | 9,480                  | 0.27                                          |
| District of Columbia .....     | 7,575            | .....                               | 8,336            | 8,336            | 8,791                  | 0.25                                          |
| Florida .....                  | 172,202          | .....                               | 189,499          | 189,499          | 199,846                | 5.71                                          |
| Georgia .....                  | 146,347          | .....                               | 161,047          | 161,047          | 169,840                | 4.85                                          |
| Hawaii .....                   | 10,323           | .....                               | 11,360           | 11,360           | 11,980                 | 0.34                                          |
| Idaho .....                    | 15,964           | .....                               | 17,568           | 17,568           | 18,527                 | 0.53                                          |
| Illinois .....                 | 97,880           | .....                               | 107,712          | 107,712          | 113,593                | 3.24                                          |
| Indiana .....                  | 58,266           | .....                               | 64,119           | 64,119           | 67,619                 | 1.93                                          |
| Iowa .....                     | 19,180           | .....                               | 21,107           | 21,107           | 22,259                 | 0.64                                          |
| Kansas .....                   | 22,878           | .....                               | 25,176           | 25,176           | 26,551                 | 0.76                                          |
| Kentucky .....                 | 58,450           | .....                               | 64,321           | 64,321           | 67,833                 | 1.94                                          |
| Louisiana .....                | 63,423           | .....                               | 69,794           | 69,794           | 73,604                 | 2.10                                          |
| Maine .....                    | 9,416            | .....                               | 10,362           | 10,362           | 10,928                 | 0.31                                          |
| Maryland .....                 | 38,783           | .....                               | 42,679           | 42,679           | 45,009                 | 1.29                                          |
| Massachusetts .....            | 36,819           | .....                               | 40,517           | 40,517           | 42,730                 | 1.22                                          |
| Michigan .....                 | 82,783           | .....                               | 91,098           | 91,098           | 96,072                 | 2.74                                          |
| Minnesota .....                | 34,539           | .....                               | 38,008           | 38,008           | 40,084                 | 1.14                                          |
| Mississippi .....              | 55,283           | .....                               | 60,836           | 60,836           | 64,158                 | 1.83                                          |
| Missouri .....                 | 56,985           | .....                               | 62,709           | 62,709           | 66,133                 | 1.89                                          |
| Montana .....                  | 6,429            | .....                               | 7,075            | 7,075            | 7,461                  | 0.21                                          |
| Nebraska .....                 | 13,009           | .....                               | 14,316           | 14,316           | 15,097                 | 0.43                                          |
| Nevada .....                   | 17,327           | .....                               | 19,067           | 19,067           | 20,109                 | 0.57                                          |
| New Hampshire .....            | 4,697            | .....                               | 5,169            | 5,169            | 5,451                  | 0.16                                          |
| New Jersey .....               | 49,377           | .....                               | 54,337           | 54,337           | 57,304                 | 1.64                                          |
| New Mexico .....               | 33,218           | .....                               | 36,555           | 36,555           | 38,550                 | 1.10                                          |
| New York .....                 | 157,033          | .....                               | 172,807          | 172,807          | 182,242                | 5.20                                          |
| North Carolina .....           | 98,983           | .....                               | 108,926          | 108,926          | 114,873                | 3.28                                          |
| North Dakota .....             | 3,959            | .....                               | 4,357            | 4,357            | 4,595                  | 0.13                                          |
| Ohio .....                     | 90,619           | .....                               | 99,722           | 99,722           | 105,166                | 3.00                                          |
| Oklahoma .....                 | 51,494           | .....                               | 56,667           | 56,667           | 59,760                 | 1.71                                          |
| Oregon .....                   | 31,473           | .....                               | 34,634           | 34,634           | 36,525                 | 1.04                                          |
| Pennsylvania .....             | 75,757           | .....                               | 83,367           | 83,367           | 87,918                 | 2.51                                          |
| Rhode Island .....             | 7,261            | .....                               | 7,990            | 7,990            | 8,427                  | 0.24                                          |
| South Carolina .....           | 65,585           | .....                               | 72,173           | 72,173           | 76,113                 | 2.17                                          |
| South Dakota .....             | 6,300            | .....                               | 6,933            | 6,933            | 7,311                  | 0.21                                          |
| Tennessee .....                | 71,241           | .....                               | 78,397           | 78,397           | 82,677                 | 2.36                                          |
| Texas .....                    | 438,103          | .....                               | 482,110          | 482,110          | 508,433                | 14.52                                         |
| Utah .....                     | 17,252           | .....                               | 18,985           | 18,985           | 20,021                 | 0.57                                          |
| Vermont .....                  | 4,719            | .....                               | 5,193            | 5,193            | 5,477                  | 0.16                                          |
| Virginia .....                 | 56,853           | .....                               | 62,564           | 62,564           | 65,980                 | 1.88                                          |
| Washington .....               | 45,196           | .....                               | 49,736           | 49,736           | 52,451                 | 1.50                                          |
| West Virginia .....            | 20,321           | .....                               | 22,362           | 22,362           | 23,583                 | 0.67                                          |
| Wisconsin .....                | 37,689           | .....                               | 41,475           | 41,475           | 43,739                 | 1.25                                          |
| Wyoming .....                  | 3,229            | .....                               | 3,553            | 3,553            | 3,747                  | 0.11                                          |
| American Samoa .....           | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Guam .....                     | 2,162            | .....                               | 2,379            | 2,379            | 2,509                  | 0.07                                          |
| Northern Mariana Islands ..... | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Puerto Rico .....              | 30,738           | .....                               | 33,826           | 33,826           | 35,672                 | 1.02                                          |
| Freely Associated States ..... | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Virgin Islands .....           | 1,113            | .....                               | 1,225            | 1,225            | 1,292                  | 0.04                                          |
| Indian Tribes .....            | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Undistributed .....            | 57,707           | .....                               | .....            | .....            | .....                  | .....                                         |
| DOD/AF/USMC/Navy .....         | 15               | .....                               | 17               | 17               | 17                     | *                                             |
| <b>Total .....</b>             | <b>3,075,846</b> | <b>.....</b>                        | <b>3,321,311</b> | <b>3,321,311</b> | <b>3,502,644</b>       | <b><sup>1</sup> 100.00</b>                    |

\* \$500 or less or 0.005 percent or less.

<sup>1</sup> Excludes undistributed obligations.



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**Table 18-6. NATIONAL SCHOOL LUNCH PROGRAM (10.555)**

(Obligations in thousands of dollars)

| State or Territory             | FY 2011 Actual    | Estimated FY 2012 obligations from: |                   |                   | FY 2013<br>(estimated) | FY 2013<br>Percentage of<br>distributed total |
|--------------------------------|-------------------|-------------------------------------|-------------------|-------------------|------------------------|-----------------------------------------------|
|                                |                   | Previous<br>authority               | New authority     | Total             |                        |                                               |
| Alabama .....                  | 179,934           | 11,245                              | 180,392           | 191,637           | 203,938                | 1.79                                          |
| Alaska .....                   | 28,937            | 1,808                               | 29,011            | 30,819            | 32,797                 | 0.29                                          |
| Arizona .....                  | 230,108           | 14,381                              | 230,693           | 245,074           | 260,806                | 2.29                                          |
| Arkansas .....                 | 119,028           | 7,439                               | 119,331           | 126,770           | 134,907                | 1.18                                          |
| California .....               | 1,341,671         | 83,851                              | 1,345,084         | 1,428,935         | 1,520,659              | 13.33                                         |
| Colorado .....                 | 115,851           | 7,240                               | 116,146           | 123,386           | 131,306                | 1.15                                          |
| Connecticut .....              | 78,987            | 4,936                               | 79,188            | 84,124            | 89,524                 | 0.78                                          |
| Delaware .....                 | 25,956            | 1,622                               | 26,022            | 27,644            | 29,419                 | 0.26                                          |
| District of Columbia .....     | 18,743            | 1,171                               | 18,791            | 19,962            | 21,243                 | 0.19                                          |
| Florida .....                  | 602,954           | 37,683                              | 604,488           | 642,171           | 683,392                | 5.99                                          |
| Georgia .....                  | 418,632           | 26,163                              | 419,697           | 445,860           | 474,480                | 4.16                                          |
| Hawaii .....                   | 38,981            | 2,436                               | 39,080            | 41,516            | 44,181                 | 0.39                                          |
| Idaho .....                    | 48,127            | 3,008                               | 48,249            | 51,257            | 54,547                 | 0.48                                          |
| Illinois .....                 | 376,492           | 23,530                              | 377,449           | 400,979           | 426,718                | 3.74                                          |
| Indiana .....                  | 217,476           | 13,592                              | 218,029           | 231,621           | 246,489                | 2.16                                          |
| Iowa .....                     | 87,119            | 5,445                               | 87,340            | 92,785            | 98,741                 | 0.87                                          |
| Kansas .....                   | 88,233            | 5,514                               | 88,458            | 93,972            | 100,004                | 0.88                                          |
| Kentucky .....                 | 160,093           | 10,005                              | 160,501           | 170,506           | 181,450                | 1.59                                          |
| Louisiana .....                | 189,440           | 11,839                              | 189,922           | 201,761           | 214,713                | 1.88                                          |
| Maine .....                    | 30,790            | 1,924                               | 30,869            | 32,793            | 34,898                 | 0.31                                          |
| Maryland .....                 | 130,440           | 8,152                               | 130,772           | 138,924           | 147,842                | 1.30                                          |
| Massachusetts .....            | 140,189           | 8,761                               | 140,546           | 149,307           | 158,891                | 1.39                                          |
| Michigan .....                 | 264,760           | 16,547                              | 265,433           | 281,980           | 300,081                | 2.63                                          |
| Minnesota .....                | 130,532           | 8,158                               | 130,864           | 139,022           | 147,946                | 1.30                                          |
| Mississippi .....              | 150,202           | 9,387                               | 150,584           | 159,971           | 170,240                | 1.49                                          |
| Missouri .....                 | 178,236           | 11,139                              | 178,690           | 189,829           | 202,014                | 1.77                                          |
| Montana .....                  | 23,875            | 1,492                               | 23,936            | 25,428            | 27,060                 | 0.24                                          |
| Nebraska .....                 | 57,519            | 3,595                               | 57,665            | 61,260            | 65,192                 | 0.57                                          |
| Nevada .....                   | 77,108            | 4,819                               | 77,304            | 82,123            | 87,395                 | 0.77                                          |
| New Hampshire .....            | 22,070            | 1,379                               | 22,126            | 23,505            | 25,014                 | 0.22                                          |
| New Jersey .....               | 205,828           | 12,864                              | 206,351           | 219,215           | 233,287                | 2.05                                          |
| New Mexico .....               | 81,895            | 5,118                               | 82,104            | 87,222            | 92,820                 | 0.81                                          |
| New York .....                 | 582,962           | 36,433                              | 584,446           | 620,879           | 660,733                | 5.79                                          |
| North Carolina .....           | 320,141           | 20,008                              | 320,955           | 340,963           | 362,850                | 3.18                                          |
| North Dakota .....             | 15,894            | 993                                 | 15,935            | 16,928            | 18,014                 | 0.16                                          |
| Ohio .....                     | 311,062           | 19,440                              | 311,854           | 331,294           | 352,560                | 3.09                                          |
| Oklahoma .....                 | 141,066           | 8,816                               | 141,425           | 150,241           | 159,885                | 1.40                                          |
| Oregon .....                   | 97,307            | 6,081                               | 97,555            | 103,636           | 110,288                | 0.97                                          |
| Pennsylvania .....             | 292,515           | 18,281                              | 293,260           | 311,541           | 331,538                | 2.91                                          |
| Rhode Island .....             | 25,675            | 1,605                               | 25,740            | 27,345            | 29,100                 | 0.26                                          |
| South Carolina .....           | 171,206           | 10,700                              | 171,641           | 182,341           | 194,046                | 1.70                                          |
| South Dakota .....             | 24,994            | 1,562                               | 25,058            | 26,620            | 28,328                 | 0.25                                          |
| Tennessee .....                | 207,488           | 12,967                              | 208,016           | 220,983           | 235,168                | 2.06                                          |
| Texas .....                    | 1,192,799         | 74,547                              | 1,195,833         | 1,270,380         | 1,351,926              | 11.85                                         |
| Utah .....                     | 87,058            | 5,441                               | 87,279            | 92,720            | 98,672                 | 0.87                                          |
| Vermont .....                  | 13,141            | 821                                 | 13,175            | 13,996            | 14,894                 | 0.13                                          |
| Virginia .....                 | 193,537           | 12,096                              | 194,029           | 206,125           | 219,356                | 1.92                                          |
| Washington .....               | 169,120           | 10,570                              | 169,550           | 180,120           | 191,682                | 1.68                                          |
| West Virginia .....            | 56,039            | 3,502                               | 56,182            | 59,684            | 63,515                 | 0.56                                          |
| Wisconsin .....                | 149,247           | 9,328                               | 149,626           | 158,954           | 169,158                | 1.48                                          |
| Wyoming .....                  | 13,157            | 822                                 | 13,191            | 14,013            | 14,912                 | 0.13                                          |
| American Samoa .....           | .....             | .....                               | .....             | .....             | .....                  | .....                                         |
| Guam .....                     | 6,152             | 384                                 | 6,168             | 6,552             | 6,973                  | 0.06                                          |
| Northern Mariana Islands ..... | .....             | .....                               | .....             | .....             | .....                  | .....                                         |
| Puerto Rico .....              | 118,608           | 7,413                               | 118,909           | 126,322           | 134,431                | 1.18                                          |
| Freely Associated States ..... | .....             | .....                               | .....             | .....             | .....                  | .....                                         |
| Virgin Islands .....           | 5,217             | 326                                 | 5,230             | 5,556             | 5,913                  | 0.05                                          |
| Indian Tribes .....            | .....             | .....                               | .....             | .....             | .....                  | .....                                         |
| Undistributed .....            | 258,086           | .....                               | .....             | .....             | .....                  | .....                                         |
| DOD/AF/USMC/Navy .....         | 8,167             | 510                                 | 8,188             | 8,698             | 9,257                  | 0.08                                          |
| <b>Total .....</b>             | <b>10,320,844</b> | <b>628,889</b>                      | <b>10,088,360</b> | <b>10,717,249</b> | <b>11,405,193</b>      | <b><sup>1</sup> 100.00</b>                    |

<sup>1</sup> Excludes undistributed obligations.

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**Table 18-7. SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (WIC) (10.557)**

(Obligations in thousands of dollars)

| State or Territory             | FY 2011 Actual   | Estimated FY 2012 obligations from: |                  |                  | FY 2013 (estimated) | FY 2013 Percentage of distributed total |
|--------------------------------|------------------|-------------------------------------|------------------|------------------|---------------------|-----------------------------------------|
|                                |                  | Previous authority                  | New authority    | Total            |                     |                                         |
| Alabama .....                  | 120,798          | 2,436                               | 117,860          | 120,296          | 121,200             | 1.70                                    |
| Alaska .....                   | 26,426           | 533                                 | 25,783           | 26,316           | 26,514              | 0.37                                    |
| Arizona .....                  | 151,094          | 3,047                               | 147,419          | 150,466          | 151,597             | 2.12                                    |
| Arkansas .....                 | 74,733           | 1,507                               | 72,916           | 74,423           | 74,982              | 1.05                                    |
| California .....               | 1,251,415        | 25,240                              | 1,220,973        | 1,246,213        | 1,255,587           | 17.57                                   |
| Colorado .....                 | 75,870           | 1,530                               | 74,025           | 75,555           | 76,123              | 1.07                                    |
| Connecticut .....              | 51,290           | 1,034                               | 50,043           | 51,077           | 51,461              | 0.72                                    |
| Delaware .....                 | 17,714           | 357                                 | 17,283           | 17,640           | 17,773              | 0.25                                    |
| District of Columbia .....     | 15,022           | 303                                 | 14,657           | 14,960           | 15,072              | 0.21                                    |
| Florida .....                  | 368,721          | 7,437                               | 359,751          | 367,188          | 369,950             | 5.18                                    |
| Georgia .....                  | 293,225          | 5,914                               | 286,092          | 292,006          | 294,203             | 4.12                                    |
| Hawaii .....                   | 34,725           | 700                                 | 33,880           | 34,580           | 34,841              | 0.49                                    |
| Idaho .....                    | 31,207           | 629                                 | 30,448           | 31,077           | 31,311              | 0.44                                    |
| Illinois .....                 | 242,514          | 4,891                               | 236,614          | 241,505          | 243,322             | 3.41                                    |
| Indiana .....                  | 121,950          | 2,460                               | 118,983          | 121,443          | 122,357             | 1.71                                    |
| Iowa .....                     | 50,329           | 1,015                               | 49,105           | 50,120           | 50,497              | 0.71                                    |
| Kansas .....                   | 53,386           | 1,077                               | 52,087           | 53,164           | 53,564              | 0.75                                    |
| Kentucky .....                 | 116,914          | 2,358                               | 114,070          | 116,428          | 117,304             | 1.64                                    |
| Louisiana .....                | 126,233          | 2,546                               | 123,162          | 125,708          | 126,654             | 1.77                                    |
| Maine .....                    | 19,623           | 396                                 | 19,146           | 19,542           | 19,689              | 0.28                                    |
| Maryland .....                 | 112,679          | 2,273                               | 109,937          | 112,210          | 113,054             | 1.58                                    |
| Massachusetts .....            | 91,424           | 1,844                               | 89,200           | 91,044           | 91,729              | 1.28                                    |
| Michigan .....                 | 194,280          | 3,918                               | 189,554          | 193,472          | 194,927             | 2.73                                    |
| Minnesota .....                | 104,578          | 2,109                               | 102,034          | 104,143          | 104,927             | 1.47                                    |
| Mississippi .....              | 92,307           | 1,862                               | 90,061           | 91,923           | 92,614              | 1.30                                    |
| Missouri .....                 | 100,200          | 2,021                               | 97,762           | 99,783           | 100,534             | 1.41                                    |
| Montana .....                  | 15,994           | 323                                 | 15,605           | 15,928           | 16,047              | 0.22                                    |
| Nebraska .....                 | 34,925           | 704                                 | 34,076           | 34,780           | 35,042              | 0.49                                    |
| Nevada .....                   | 52,255           | 1,054                               | 50,984           | 52,038           | 52,429              | 0.73                                    |
| New Hampshire .....            | 12,434           | 251                                 | 12,131           | 12,382           | 12,475              | 0.17                                    |
| New Jersey .....               | 143,770          | 2,900                               | 140,272          | 143,172          | 144,249             | 2.02                                    |
| New Mexico .....               | 49,388           | 996                                 | 48,187           | 49,183           | 49,553              | 0.69                                    |
| New York .....                 | 464,662          | 9,372                               | 453,358          | 462,730          | 466,211             | 6.53                                    |
| North Carolina .....           | 205,589          | 4,146                               | 200,588          | 204,734          | 206,274             | 2.89                                    |
| North Dakota .....             | 13,479           | 272                                 | 13,151           | 13,423           | 13,524              | 0.19                                    |
| Ohio .....                     | 188,668          | 3,805                               | 184,079          | 187,884          | 189,297             | 2.65                                    |
| Oklahoma .....                 | 97,010           | 1,957                               | 94,650           | 96,607           | 97,334              | 1.36                                    |
| Oregon .....                   | 78,994           | 1,593                               | 77,073           | 78,666           | 79,257              | 1.11                                    |
| Pennsylvania .....             | 217,425          | 4,385                               | 212,136          | 216,521          | 218,150             | 3.05                                    |
| Rhode Island .....             | 20,944           | 422                                 | 20,435           | 20,857           | 21,014              | 0.29                                    |
| South Carolina .....           | 101,197          | 2,041                               | 98,735           | 100,776          | 101,534             | 1.42                                    |
| South Dakota .....             | 19,001           | 383                                 | 18,539           | 18,922           | 19,064              | 0.27                                    |
| Tennessee .....                | 126,150          | 2,544                               | 123,082          | 125,626          | 126,571             | 1.77                                    |
| Texas .....                    | 589,360          | 11,887                              | 575,023          | 586,910          | 591,325             | 8.28                                    |
| Utah .....                     | 51,351           | 1,036                               | 50,101           | 51,137           | 51,522              | 0.72                                    |
| Vermont .....                  | 13,767           | 278                                 | 13,432           | 13,710           | 13,813              | 0.19                                    |
| Virginia .....                 | 104,549          | 2,109                               | 102,005          | 104,114          | 104,897             | 1.47                                    |
| Washington .....               | 155,043          | 3,127                               | 151,272          | 154,399          | 155,560             | 2.18                                    |
| West Virginia .....            | 39,712           | 801                                 | 38,746           | 39,547           | 39,845              | 0.56                                    |
| Wisconsin .....                | 96,213           | 1,940                               | 93,873           | 95,813           | 96,533              | 1.35                                    |
| Wyoming .....                  | 9,726            | 196                                 | 9,489            | 9,685            | 9,758               | 0.14                                    |
| American Samoa .....           | 8,014            | 162                                 | 7,819            | 7,981            | 8,041               | 0.11                                    |
| Guam .....                     | 9,108            | 184                                 | 8,886            | 9,070            | 9,139               | 0.13                                    |
| Northern Mariana Islands ..... | 5,846            | 118                                 | 5,703            | 5,821            | 5,865               | 0.08                                    |
| Puerto Rico .....              | 249,533          | 5,033                               | 243,462          | 248,495          | 250,365             | 3.50                                    |
| Freely Associated States ..... | .....            | .....                               | .....            | .....            | .....               | .....                                   |
| Virgin Islands .....           | 7,953            | 160                                 | 7,760            | 7,920            | 7,979               | 0.11                                    |
| Indian Tribes .....            | .....            | .....                               | .....            | .....            | .....               | .....                                   |
| Undistributed .....            | 2,742            | .....                               | .....            | .....            | .....               | .....                                   |
| <b>Total .....</b>             | <b>7,123,459</b> | <b>143,616</b>                      | <b>6,947,497</b> | <b>7,091,113</b> | <b>7,144,453</b>    | <b><sup>1</sup> 100.00</b>              |

<sup>1</sup> Excludes undistributed obligations.

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12-3539-0-1-605

Table 18-8. CHILD AND ADULT CARE FOOD PROGRAM (10.558)

(Obligations in thousands of dollars)

| State or Territory             | FY 2011 Actual   | Estimated FY 2012 obligations from: |                  |                  | FY 2013<br>(estimated) | FY 2013<br>Percentage of<br>distributed total |
|--------------------------------|------------------|-------------------------------------|------------------|------------------|------------------------|-----------------------------------------------|
|                                |                  | Previous<br>authority               | New authority    | Total            |                        |                                               |
| Alabama .....                  | 36,991           | .....                               | 39,060           | 39,060           | 41,305                 | 1.42                                          |
| Alaska .....                   | 7,787            | .....                               | 8,223            | 8,223            | 8,695                  | 0.30                                          |
| Arizona .....                  | 43,028           | .....                               | 45,435           | 45,435           | 48,046                 | 1.65                                          |
| Arkansas .....                 | 41,182           | .....                               | 43,486           | 43,486           | 45,985                 | 1.58                                          |
| California .....               | 258,560          | .....                               | 273,024          | 273,024          | 288,714                | 9.90                                          |
| Colorado .....                 | 22,235           | .....                               | 23,479           | 23,479           | 24,828                 | 0.85                                          |
| Connecticut .....              | 14,155           | .....                               | 14,947           | 14,947           | 15,806                 | 0.54                                          |
| Delaware .....                 | 13,393           | .....                               | 14,142           | 14,142           | 14,955                 | 0.51                                          |
| District of Columbia .....     | 8,206            | .....                               | 8,665            | 8,665            | 9,163                  | 0.31                                          |
| Florida .....                  | 164,343          | .....                               | 173,536          | 173,536          | 183,509                | 6.29                                          |
| Georgia .....                  | 101,159          | .....                               | 106,818          | 106,818          | 112,957                | 3.87                                          |
| Hawaii .....                   | 5,786            | .....                               | 6,110            | 6,110            | 6,461                  | 0.22                                          |
| Idaho .....                    | 6,100            | .....                               | 6,441            | 6,441            | 6,811                  | 0.23                                          |
| Illinois .....                 | 123,818          | .....                               | 130,744          | 130,744          | 138,258                | 4.74                                          |
| Indiana .....                  | 43,850           | .....                               | 46,303           | 46,303           | 48,964                 | 1.68                                          |
| Iowa .....                     | 26,735           | .....                               | 28,231           | 28,231           | 29,853                 | 1.02                                          |
| Kansas .....                   | 32,394           | .....                               | 34,206           | 34,206           | 36,172                 | 1.24                                          |
| Kentucky .....                 | 31,336           | .....                               | 33,089           | 33,089           | 34,991                 | 1.20                                          |
| Louisiana .....                | 68,398           | .....                               | 72,224           | 72,224           | 76,375                 | 2.62                                          |
| Maine .....                    | 9,661            | .....                               | 10,201           | 10,201           | 10,788                 | 0.37                                          |
| Maryland .....                 | 44,284           | .....                               | 46,761           | 46,761           | 49,449                 | 1.70                                          |
| Massachusetts .....            | 54,368           | .....                               | 57,409           | 57,409           | 60,709                 | 2.08                                          |
| Michigan .....                 | 62,841           | .....                               | 66,356           | 66,356           | 70,170                 | 2.41                                          |
| Minnesota .....                | 61,624           | .....                               | 65,071           | 65,071           | 68,811                 | 2.36                                          |
| Mississippi .....              | 36,061           | .....                               | 38,078           | 38,078           | 40,267                 | 1.38                                          |
| Missouri .....                 | 46,992           | .....                               | 49,621           | 49,621           | 52,472                 | 1.80                                          |
| Montana .....                  | 10,297           | .....                               | 10,873           | 10,873           | 11,498                 | 0.39                                          |
| Nebraska .....                 | 30,298           | .....                               | 31,993           | 31,993           | 33,831                 | 1.16                                          |
| Nevada .....                   | 5,903            | .....                               | 6,233            | 6,233            | 6,591                  | 0.23                                          |
| New Hampshire .....            | 3,932            | .....                               | 4,152            | 4,152            | 4,391                  | 0.15                                          |
| New Jersey .....               | 62,432           | .....                               | 65,924           | 65,924           | 69,713                 | 2.39                                          |
| New Mexico .....               | 32,793           | .....                               | 34,627           | 34,627           | 36,617                 | 1.26                                          |
| New York .....                 | 192,882          | .....                               | 203,672          | 203,672          | 215,377                | 7.38                                          |
| North Carolina .....           | 79,429           | .....                               | 83,872           | 83,872           | 88,692                 | 3.04                                          |
| North Dakota .....             | 10,394           | .....                               | 10,975           | 10,975           | 11,606                 | 0.40                                          |
| Ohio .....                     | 87,567           | .....                               | 92,465           | 92,465           | 97,779                 | 3.35                                          |
| Oklahoma .....                 | 53,843           | .....                               | 56,855           | 56,855           | 60,122                 | 2.06                                          |
| Oregon .....                   | 30,045           | .....                               | 31,726           | 31,726           | 33,549                 | 1.15                                          |
| Pennsylvania .....             | 87,292           | .....                               | 92,175           | 92,175           | 97,472                 | 3.34                                          |
| Rhode Island .....             | 6,833            | .....                               | 7,215            | 7,215            | 7,630                  | 0.26                                          |
| South Carolina .....           | 26,784           | .....                               | 28,282           | 28,282           | 29,908                 | 1.03                                          |
| South Dakota .....             | 8,725            | .....                               | 9,213            | 9,213            | 9,743                  | 0.33                                          |
| Tennessee .....                | 51,577           | .....                               | 54,462           | 54,462           | 57,592                 | 1.97                                          |
| Texas .....                    | 268,509          | .....                               | 283,529          | 283,529          | 299,824                | 10.28                                         |
| Utah .....                     | 25,001           | .....                               | 26,400           | 26,400           | 27,917                 | 0.96                                          |
| Vermont .....                  | 4,824            | .....                               | 5,094            | 5,094            | 5,387                  | 0.18                                          |
| Virginia .....                 | 39,068           | .....                               | 41,253           | 41,253           | 43,624                 | 1.50                                          |
| Washington .....               | 42,584           | .....                               | 44,966           | 44,966           | 47,550                 | 1.63                                          |
| West Virginia .....            | 14,178           | .....                               | 14,971           | 14,971           | 15,832                 | 0.54                                          |
| Wisconsin .....                | 38,729           | .....                               | 40,895           | 40,895           | 43,246                 | 1.48                                          |
| Wyoming .....                  | 5,393            | .....                               | 5,695            | 5,695            | 6,022                  | 0.21                                          |
| American Samoa .....           | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Guam .....                     | 354              | .....                               | 374              | 374              | 395                    | 0.01                                          |
| Northern Mariana Islands ..... | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Puerto Rico .....              | 26,247           | .....                               | 27,715           | 27,715           | 29,308                 | 1.00                                          |
| Freely Associated States ..... | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Virgin Islands .....           | 918              | .....                               | 969              | 969              | 1,025                  | 0.04                                          |
| Indian Tribes .....            | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Undistributed .....            | 120,001          | .....                               | .....            | .....            | .....                  | .....                                         |
| <b>Total .....</b>             | <b>2,732,119</b> | <b>.....</b>                        | <b>2,758,235</b> | <b>2,758,235</b> | <b>2,916,755</b>       | <b><sup>1</sup> 100.00</b>                    |

<sup>1</sup> Excludes undistributed obligations.

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**Table 18-9. STATE ADMINISTRATIVE MATCHING GRANTS FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (FOOD STAMPS) (10.561)**

(Obligations in thousands of dollars)

| State or Territory       | FY 2011 Actual   | Estimated FY 2012 obligations from: |                  |                  | FY 2013 (estimated) | FY 2013 Percentage of distributed total |
|--------------------------|------------------|-------------------------------------|------------------|------------------|---------------------|-----------------------------------------|
|                          |                  | Previous authority                  | New authority    | Total            |                     |                                         |
| Alabama                  | 44,242           | .....                               | 48,931           | 48,931           | 50,564              | 1.31                                    |
| Alaska                   | 12,688           | .....                               | 14,032           | 14,032           | 14,501              | 0.38                                    |
| Arizona                  | 40,841           | .....                               | 45,169           | 45,169           | 46,676              | 1.21                                    |
| Arkansas                 | 31,881           | .....                               | 35,260           | 35,260           | 36,436              | 0.94                                    |
| California               | 596,756          | .....                               | 660,004          | 660,004          | 682,025             | 17.64                                   |
| Colorado                 | 40,165           | .....                               | 44,422           | 44,422           | 45,904              | 1.19                                    |
| Connecticut              | 29,525           | .....                               | 32,654           | 32,654           | 33,743              | 0.87                                    |
| Delaware                 | 12,459           | .....                               | 13,779           | 13,779           | 14,239              | 0.37                                    |
| District of Columbia     | 10,994           | .....                               | 12,159           | 12,159           | 12,565              | 0.32                                    |
| Florida                  | 98,099           | .....                               | 108,496          | 108,496          | 112,116             | 2.90                                    |
| Georgia                  | 66,478           | .....                               | 73,524           | 73,524           | 75,977              | 1.96                                    |
| Hawaii                   | 13,272           | .....                               | 14,679           | 14,679           | 15,168              | 0.39                                    |
| Idaho                    | 9,406            | .....                               | 10,403           | 10,403           | 10,750              | 0.28                                    |
| Illinois                 | 124,325          | .....                               | 137,501          | 137,501          | 142,089             | 3.67                                    |
| Indiana                  | 40,166           | .....                               | 44,423           | 44,423           | 45,905              | 1.19                                    |
| Iowa                     | 20,346           | .....                               | 22,502           | 22,502           | 23,253              | 0.60                                    |
| Kansas                   | 21,316           | .....                               | 23,575           | 23,575           | 24,362              | 0.63                                    |
| Kentucky                 | 38,743           | .....                               | 42,849           | 42,849           | 44,279              | 1.15                                    |
| Louisiana                | 54,730           | .....                               | 60,531           | 60,531           | 62,551              | 1.62                                    |
| Maine                    | 9,787            | .....                               | 10,825           | 10,825           | 11,186              | 0.29                                    |
| Maryland                 | 46,971           | .....                               | 51,949           | 51,949           | 53,683              | 1.39                                    |
| Massachusetts            | 54,028           | .....                               | 59,754           | 59,754           | 61,747              | 1.60                                    |
| Michigan                 | 123,644          | .....                               | 136,748          | 136,748          | 141,311             | 3.65                                    |
| Minnesota                | 60,442           | .....                               | 66,848           | 66,848           | 69,079              | 1.79                                    |
| Mississippi              | 26,292           | .....                               | 29,079           | 29,079           | 30,049              | 0.78                                    |
| Missouri                 | 40,422           | .....                               | 44,706           | 44,706           | 46,198              | 1.19                                    |
| Montana                  | 10,907           | .....                               | 12,064           | 12,064           | 12,466              | 0.32                                    |
| Nebraska                 | 13,681           | .....                               | 15,131           | 15,131           | 15,635              | 0.40                                    |
| Nevada                   | 17,942           | .....                               | 19,844           | 19,844           | 20,506              | 0.53                                    |
| New Hampshire            | 6,868            | .....                               | 7,596            | 7,596            | 7,849               | 0.20                                    |
| New Jersey               | 117,126          | .....                               | 129,539          | 129,539          | 133,861             | 3.46                                    |
| New Mexico               | 31,921           | .....                               | 35,304           | 35,304           | 36,482              | 0.94                                    |
| New York                 | 415,718          | .....                               | 459,777          | 459,777          | 475,118             | 12.29                                   |
| North Carolina           | 91,868           | .....                               | 101,605          | 101,605          | 104,995             | 2.72                                    |
| North Dakota             | 6,758            | .....                               | 7,475            | 7,475            | 7,724               | 0.20                                    |
| Ohio                     | 97,786           | .....                               | 108,150          | 108,150          | 111,759             | 2.89                                    |
| Oklahoma                 | 46,620           | .....                               | 51,561           | 51,561           | 53,281              | 1.38                                    |
| Oregon                   | 51,627           | .....                               | 57,099           | 57,099           | 59,004              | 1.53                                    |
| Pennsylvania             | 177,004          | .....                               | 195,764          | 195,764          | 202,295             | 5.23                                    |
| Rhode Island             | 8,541            | .....                               | 9,446            | 9,446            | 9,761               | 0.25                                    |
| South Carolina           | 22,149           | .....                               | 24,496           | 24,496           | 25,314              | 0.65                                    |
| South Dakota             | 8,295            | .....                               | 9,175            | 9,175            | 9,481               | 0.25                                    |
| Tennessee                | 58,307           | .....                               | 64,486           | 64,486           | 66,638              | 1.72                                    |
| Texas                    | 277,734          | .....                               | 307,169          | 307,169          | 317,418             | 8.21                                    |
| Utah                     | 26,081           | .....                               | 28,845           | 28,845           | 29,808              | 0.77                                    |
| Vermont                  | 9,857            | .....                               | 10,902           | 10,902           | 11,266              | 0.29                                    |
| Virginia                 | 96,836           | .....                               | 107,099          | 107,099          | 110,673             | 2.86                                    |
| Washington               | 53,425           | .....                               | 59,087           | 59,087           | 61,059              | 1.58                                    |
| West Virginia            | 13,589           | .....                               | 15,029           | 15,029           | 15,531              | 0.40                                    |
| Wisconsin                | 43,471           | .....                               | 48,078           | 48,078           | 49,682              | 1.28                                    |
| Wyoming                  | 4,511            | .....                               | 4,989            | 4,989            | 5,156               | 0.13                                    |
| American Samoa           | .....            | .....                               | .....            | .....            | .....               | .....                                   |
| Guam                     | 1,308            | .....                               | 1,447            | 1,447            | 1,495               | 0.04                                    |
| Northern Mariana Islands | .....            | .....                               | .....            | .....            | .....               | .....                                   |
| Puerto Rico              | .....            | .....                               | .....            | .....            | .....               | .....                                   |
| Freely Associated States | .....            | .....                               | .....            | .....            | .....               | .....                                   |
| Virgin Islands           | 5,462            | .....                               | 6,041            | 6,041            | 6,242               | 0.16                                    |
| Indian Tribes            | .....            | .....                               | .....            | .....            | .....               | .....                                   |
| Undistributed            | (251,046)        | .....                               | .....            | .....            | .....               | .....                                   |
| <b>Total</b>             | <b>3,132,364</b> | <b>.....</b>                        | <b>3,742,000</b> | <b>3,742,000</b> | <b>3,866,855</b>    | <b>1 100.00</b>                         |

<sup>1</sup> Excludes undistributed obligations.

Department of Education, Office of Elementary and Secondary Education

91-0900-0-1-501

**Table 18-10. TITLE I COLLEGE-AND-CAREER-READY STUDENTS (FORMERLY TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES) (84.010)**  
(Obligations in thousands of dollars)

| State or Territory                 | FY 2011 Actual    | Estimated FY 2012 obligations from: |                   |                   | FY 2013 (estimated) | FY 2013 Percentage of distributed total |
|------------------------------------|-------------------|-------------------------------------|-------------------|-------------------|---------------------|-----------------------------------------|
|                                    |                   | Previous authority                  | New authority     | Total             |                     |                                         |
| Alabama                            | 225,429           |                                     | 232,965           | 232,965           | 236,172             | 1.63                                    |
| Alaska                             | 35,823            |                                     | 37,197            | 37,197            | 37,197              | 0.26                                    |
| Arizona                            | 314,267           |                                     | 315,167           | 315,167           | 307,811             | 2.12                                    |
| Arkansas                           | 156,380           |                                     | 152,850           | 152,850           | 150,657             | 1.04                                    |
| California                         | 1,625,236         |                                     | 1,653,304         | 1,653,304         | 1,664,848           | 11.48                                   |
| Colorado                           | 153,144           |                                     | 148,648           | 148,648           | 147,852             | 1.02                                    |
| Connecticut                        | 106,879           |                                     | 104,084           | 104,084           | 104,569             | 0.72                                    |
| Delaware                           | 42,346            |                                     | 43,404            | 43,404            | 43,299              | 0.30                                    |
| District of Columbia               | 48,882            |                                     | 46,644            | 46,644            | 44,857              | 0.31                                    |
| Florida                            | 739,253           |                                     | 748,069           | 748,069           | 765,375             | 5.28                                    |
| Georgia                            | 525,436           |                                     | 523,988           | 523,988           | 526,431             | 3.63                                    |
| Hawaii                             | 47,475            |                                     | 46,520            | 46,520            | 47,267              | 0.33                                    |
| Idaho                              | 54,017            |                                     | 55,258            | 55,258            | 55,385              | 0.38                                    |
| Illinois                           | 642,067           |                                     | 631,641           | 631,641           | 621,341             | 4.28                                    |
| Indiana                            | 256,165           |                                     | 266,039           | 266,039           | 267,990             | 1.85                                    |
| Iowa                               | 76,602            |                                     | 78,622            | 78,622            | 79,508              | 0.55                                    |
| Kansas                             | 110,578           |                                     | 113,238           | 113,238           | 114,737             | 0.79                                    |
| Kentucky                           | 225,845           |                                     | 219,705           | 219,705           | 219,450             | 1.51                                    |
| Louisiana                          | 298,717           |                                     | 288,806           | 288,806           | 288,768             | 1.99                                    |
| Maine                              | 52,351            |                                     | 51,850            | 51,850            | 51,562              | 0.36                                    |
| Maryland                           | 182,321           |                                     | 189,713           | 189,713           | 194,416             | 1.34                                    |
| Massachusetts                      | 218,732           |                                     | 210,246           | 210,246           | 209,269             | 1.44                                    |
| Michigan                           | 535,251           |                                     | 539,207           | 539,207           | 536,763             | 3.70                                    |
| Minnesota                          | 158,515           |                                     | 163,021           | 163,021           | 165,098             | 1.14                                    |
| Mississippi                        | 193,653           |                                     | 189,477           | 189,477           | 186,852             | 1.29                                    |
| Missouri                           | 243,944           |                                     | 235,003           | 235,003           | 231,696             | 1.60                                    |
| Montana                            | 44,525            |                                     | 44,800            | 44,800            | 44,457              | 0.31                                    |
| Nebraska                           | 61,647            |                                     | 68,206            | 68,206            | 69,338              | 0.48                                    |
| Nevada                             | 97,147            |                                     | 106,904           | 106,904           | 109,862             | 0.76                                    |
| New Hampshire                      | 40,487            |                                     | 39,315            | 39,315            | 39,315              | 0.27                                    |
| New Jersey                         | 299,489           |                                     | 301,840           | 301,840           | 302,423             | 2.08                                    |
| New Mexico                         | 113,692           |                                     | 121,112           | 121,112           | 122,567             | 0.84                                    |
| New York                           | 1,167,526         |                                     | 1,130,599         | 1,130,599         | 1,104,714           | 7.61                                    |
| North Carolina                     | 390,206           |                                     | 399,516           | 399,516           | 408,137             | 2.81                                    |
| North Dakota                       | 34,059            |                                     | 35,583            | 35,583            | 35,583              | 0.25                                    |
| Ohio                               | 569,119           |                                     | 583,054           | 583,054           | 582,020             | 4.01                                    |
| Oklahoma                           | 154,441           |                                     | 161,032           | 161,032           | 161,909             | 1.12                                    |
| Oregon                             | 146,251           |                                     | 151,595           | 151,595           | 153,326             | 1.06                                    |
| Pennsylvania                       | 545,519           |                                     | 564,977           | 564,977           | 566,565             | 3.91                                    |
| Rhode Island                       | 49,476            |                                     | 49,136            | 49,136            | 48,916              | 0.34                                    |
| South Carolina                     | 220,302           |                                     | 219,300           | 219,300           | 219,743             | 1.51                                    |
| South Dakota                       | 43,659            |                                     | 43,561            | 43,561            | 43,561              | 0.30                                    |
| Tennessee                          | 274,046           |                                     | 279,518           | 279,518           | 281,999             | 1.94                                    |
| Texas                              | 1,347,007         |                                     | 1,372,597         | 1,372,597         | 1,374,362           | 9.47                                    |
| Utah                               | 80,030            |                                     | 92,777            | 92,777            | 94,787              | 0.65                                    |
| Vermont                            | 33,244            |                                     | 34,479            | 34,479            | 34,457              | 0.24                                    |
| Virginia                           | 245,714           |                                     | 236,575           | 236,575           | 236,542             | 1.63                                    |
| Washington                         | 210,582           |                                     | 218,577           | 218,577           | 220,460             | 1.52                                    |
| West Virginia                      | 91,417            |                                     | 88,182            | 88,182            | 88,519              | 0.61                                    |
| Wisconsin                          | 213,000           |                                     | 224,840           | 224,840           | 229,018             | 1.58                                    |
| Wyoming                            | 32,516            |                                     | 33,619            | 33,619            | 33,619              | 0.23                                    |
| American Samoa                     | 9,671             |                                     | 9,522             | 9,522             | 9,522               | 0.07                                    |
| Guam                               | 11,559            |                                     | 11,667            | 11,667            | 11,667              | 0.08                                    |
| Northern Mariana Islands           | 3,708             |                                     | 3,743             | 3,743             | 3,743               | 0.03                                    |
| Puerto Rico                        | 520,137           |                                     | 480,987           | 480,987           | 461,962             | 3.18                                    |
| Freely Associated States           |                   |                                     |                   |                   |                     |                                         |
| Virgin Islands                     | 12,995            |                                     | 12,795            | 12,795            | 12,795              | 0.09                                    |
| Indian Tribes                      | 101,456           |                                     | 102,399           | 102,399           | 102,399             | 0.71                                    |
| Undistributed                      | 8,992             |                                     | 8,984             | 8,984             | 9,000               |                                         |
| School and School District Rewards |                   |                                     |                   |                   |                     |                                         |
| <b>Total</b>                       | <b>14,442,927</b> |                                     | <b>14,516,457</b> | <b>14,516,457</b> | <b>14,516,457</b>   | <sup>1</sup> <b>100.00</b>              |

<sup>1</sup> Excludes undistributed obligations.

Department of Education, Office of Elementary and Secondary Education

91-1000-0-1-501

**Table 18–11. IMPROVING TEACHER QUALITY STATE GRANTS (84.367)**

(Obligations in thousands of dollars)

| State or Territory       | FY 2011 Actual   | Estimated FY 2012 obligations from: |                  |                  | FY 2013 (estimated) | FY 2013 Percentage of distributed total |
|--------------------------|------------------|-------------------------------------|------------------|------------------|---------------------|-----------------------------------------|
|                          |                  | Previous authority                  | New authority    | Total            |                     |                                         |
| Alabama                  | 38,692           |                                     | 38,662           | 38,662           |                     |                                         |
| Alaska                   | 11,547           |                                     | 11,494           | 11,494           |                     |                                         |
| Arizona                  | 38,806           |                                     | 38,309           | 38,309           |                     |                                         |
| Arkansas                 | 23,626           |                                     | 23,379           | 23,379           |                     |                                         |
| California               | 270,613          |                                     | 270,259          | 270,259          |                     |                                         |
| Colorado                 | 27,312           |                                     | 27,104           | 27,104           |                     |                                         |
| Connecticut              | 22,649           |                                     | 22,568           | 22,568           |                     |                                         |
| Delaware                 | 11,547           |                                     | 11,494           | 11,494           |                     |                                         |
| District of Columbia     | 11,547           |                                     | 11,494           | 11,494           |                     |                                         |
| Florida                  | 110,092          |                                     | 109,842          | 109,842          |                     |                                         |
| Georgia                  | 64,591           |                                     | 64,187           | 64,187           |                     |                                         |
| Hawaii                   | 11,547           |                                     | 11,494           | 11,494           |                     |                                         |
| Idaho                    | 11,547           |                                     | 11,494           | 11,494           |                     |                                         |
| Illinois                 | 99,564           |                                     | 98,787           | 98,787           |                     |                                         |
| Indiana                  | 41,645           |                                     | 41,592           | 41,592           |                     |                                         |
| Iowa                     | 18,876           |                                     | 18,833           | 18,833           |                     |                                         |
| Kansas                   | 19,325           |                                     | 19,283           | 19,283           |                     |                                         |
| Kentucky                 | 38,091           |                                     | 37,813           | 37,813           |                     |                                         |
| Louisiana                | 54,368           |                                     | 54,185           | 54,185           |                     |                                         |
| Maine                    | 11,547           |                                     | 11,494           | 11,494           |                     |                                         |
| Maryland                 | 34,885           |                                     | 34,870           | 34,870           |                     |                                         |
| Massachusetts            | 43,919           |                                     | 43,692           | 43,692           |                     |                                         |
| Michigan                 | 96,239           |                                     | 95,661           | 95,661           |                     |                                         |
| Minnesota                | 33,105           |                                     | 33,021           | 33,021           |                     |                                         |
| Mississippi              | 35,969           |                                     | 35,699           | 35,699           |                     |                                         |
| Missouri                 | 42,143           |                                     | 41,658           | 41,658           |                     |                                         |
| Montana                  | 11,547           |                                     | 11,494           | 11,494           |                     |                                         |
| Nebraska                 | 11,824           |                                     | 11,771           | 11,771           |                     |                                         |
| Nevada                   | 12,337           |                                     | 12,428           | 12,428           |                     |                                         |
| New Hampshire            | 11,547           |                                     | 11,494           | 11,494           |                     |                                         |
| New Jersey               | 55,157           |                                     | 54,976           | 54,976           |                     |                                         |
| New Mexico               | 19,112           |                                     | 19,145           | 19,145           |                     |                                         |
| New York                 | 196,621          |                                     | 195,579          | 195,579          |                     |                                         |
| North Carolina           | 53,934           |                                     | 53,851           | 53,851           |                     |                                         |
| North Dakota             | 11,547           |                                     | 11,494           | 11,494           |                     |                                         |
| Ohio                     | 91,211           |                                     | 90,843           | 90,843           |                     |                                         |
| Oklahoma                 | 27,981           |                                     | 27,947           | 27,947           |                     |                                         |
| Oregon                   | 23,622           |                                     | 23,564           | 23,564           |                     |                                         |
| Pennsylvania             | 98,203           |                                     | 98,179           | 98,179           |                     |                                         |
| Rhode Island             | 11,547           |                                     | 11,494           | 11,494           |                     |                                         |
| South Carolina           | 30,682           |                                     | 30,482           | 30,482           |                     |                                         |
| South Dakota             | 11,547           |                                     | 11,494           | 11,494           |                     |                                         |
| Tennessee                | 41,768           |                                     | 41,688           | 41,688           |                     |                                         |
| Texas                    | 200,871          |                                     | 200,025          | 200,025          |                     |                                         |
| Utah                     | 15,993           |                                     | 16,113           | 16,113           |                     |                                         |
| Vermont                  | 11,547           |                                     | 11,494           | 11,494           |                     |                                         |
| Virginia                 | 43,398           |                                     | 43,058           | 43,058           |                     |                                         |
| Washington               | 39,837           |                                     | 39,716           | 39,716           |                     |                                         |
| West Virginia            | 20,528           |                                     | 20,419           | 20,419           |                     |                                         |
| Wisconsin                | 39,871           |                                     | 39,896           | 39,896           |                     |                                         |
| Wyoming                  | 11,547           |                                     | 11,494           | 11,494           |                     |                                         |
| American Samoa           | 2,843            |                                     | 2,845            | 2,845            |                     |                                         |
| Guam                     | 4,371            |                                     | 4,374            | 4,374            |                     |                                         |
| Northern Mariana Islands | 1,359            |                                     | 1,360            | 1,360            |                     |                                         |
| Puerto Rico              | 75,807           |                                     | 74,193           | 74,193           |                     |                                         |
| Freely Associated States |                  |                                     |                  |                  |                     |                                         |
| Virgin Islands           | 3,690            |                                     | 3,692            | 3,692            |                     |                                         |
| Indian Tribes            | 12,263           |                                     | 12,271           | 12,271           |                     |                                         |
| Undistributed            | 36,973           |                                     | 49,331           | 49,331           |                     |                                         |
| <b>Total</b>             | <b>2,464,877</b> |                                     | <b>2,466,572</b> | <b>2,466,572</b> |                     |                                         |

Note: No amounts are included for 2013 because this program is proposed for consolidation in the Effective Teachers and Leaders State Grants program under the Administration's reauthorization proposal of the Elementary and Secondary Education Act.

Department of Education, Office of Elementary and Secondary Education

91-0204-0-1-501

**Table 18-12. EFFECTIVE TEACHERS AND LEADERS STATE GRANTS**

(Obligations in thousands of dollars)

| State or Territory       | FY 2011 Actual | Estimated FY 2012 obligations from: |               |       | FY 2013 (estimated) | FY 2013 Percentage of distributed total |
|--------------------------|----------------|-------------------------------------|---------------|-------|---------------------|-----------------------------------------|
|                          |                | Previous authority                  | New authority | Total |                     |                                         |
| Alabama                  |                |                                     |               |       | 28,895              | 1.59                                    |
| Alaska                   |                |                                     |               |       | 8,590               | 0.47                                    |
| Arizona                  |                |                                     |               |       | 28,631              | 1.58                                    |
| Arkansas                 |                |                                     |               |       | 17,473              | 0.96                                    |
| California               |                |                                     |               |       | 201,987             | 11.14                                   |
| Colorado                 |                |                                     |               |       | 20,257              | 1.12                                    |
| Connecticut              |                |                                     |               |       | 16,867              | 0.93                                    |
| Delaware                 |                |                                     |               |       | 8,590               | 0.47                                    |
| District of Columbia     |                |                                     |               |       | 8,590               | 0.47                                    |
| Florida                  |                |                                     |               |       | 82,094              | 4.53                                    |
| Georgia                  |                |                                     |               |       | 47,972              | 2.65                                    |
| Hawaii                   |                |                                     |               |       | 8,590               | 0.47                                    |
| Idaho                    |                |                                     |               |       | 8,590               | 0.47                                    |
| Illinois                 |                |                                     |               |       | 73,832              | 4.07                                    |
| Indiana                  |                |                                     |               |       | 31,085              | 1.71                                    |
| Iowa                     |                |                                     |               |       | 14,076              | 0.78                                    |
| Kansas                   |                |                                     |               |       | 14,412              | 0.79                                    |
| Kentucky                 |                |                                     |               |       | 28,261              | 1.56                                    |
| Louisiana                |                |                                     |               |       | 40,497              | 2.23                                    |
| Maine                    |                |                                     |               |       | 8,590               | 0.47                                    |
| Maryland                 |                |                                     |               |       | 26,061              | 1.44                                    |
| Massachusetts            |                |                                     |               |       | 32,655              | 1.80                                    |
| Michigan                 |                |                                     |               |       | 71,495              | 3.94                                    |
| Minnesota                |                |                                     |               |       | 24,679              | 1.36                                    |
| Mississippi              |                |                                     |               |       | 26,681              | 1.47                                    |
| Missouri                 |                |                                     |               |       | 31,134              | 1.72                                    |
| Montana                  |                |                                     |               |       | 8,590               | 0.47                                    |
| Nebraska                 |                |                                     |               |       | 8,797               | 0.49                                    |
| Nevada                   |                |                                     |               |       | 9,288               | 0.51                                    |
| New Hampshire            |                |                                     |               |       | 8,590               | 0.47                                    |
| New Jersey               |                |                                     |               |       | 41,088              | 2.27                                    |
| New Mexico               |                |                                     |               |       | 14,308              | 0.79                                    |
| New York                 |                |                                     |               |       | 146,173             | 8.06                                    |
| North Carolina           |                |                                     |               |       | 40,247              | 2.22                                    |
| North Dakota             |                |                                     |               |       | 8,590               | 0.47                                    |
| Ohio                     |                |                                     |               |       | 67,895              | 3.75                                    |
| Oklahoma                 |                |                                     |               |       | 20,887              | 1.15                                    |
| Oregon                   |                |                                     |               |       | 17,612              | 0.97                                    |
| Pennsylvania             |                |                                     |               |       | 73,378              | 4.05                                    |
| Rhode Island             |                |                                     |               |       | 8,590               | 0.47                                    |
| South Carolina           |                |                                     |               |       | 22,782              | 1.26                                    |
| South Dakota             |                |                                     |               |       | 8,590               | 0.47                                    |
| Tennessee                |                |                                     |               |       | 31,157              | 1.72                                    |
| Texas                    |                |                                     |               |       | 149,495             | 8.25                                    |
| Utah                     |                |                                     |               |       | 12,043              | 0.66                                    |
| Vermont                  |                |                                     |               |       | 8,590               | 0.47                                    |
| Virginia                 |                |                                     |               |       | 32,181              | 1.78                                    |
| Washington               |                |                                     |               |       | 29,683              | 1.64                                    |
| West Virginia            |                |                                     |               |       | 15,261              | 0.84                                    |
| Wisconsin                |                |                                     |               |       | 29,818              | 1.64                                    |
| Wyoming                  |                |                                     |               |       | 8,590               | 0.47                                    |
| American Samoa           |                |                                     |               |       | 3,362               | 0.19                                    |
| Guam                     |                |                                     |               |       | 4,027               | 0.22                                    |
| Northern Mariana Islands |                |                                     |               |       | 1,476               | 0.08                                    |
| Puerto Rico              |                |                                     |               |       | 55,450              | 3.06                                    |
| Freely Associated States |                |                                     |               |       |                     |                                         |
| Virgin Islands           |                |                                     |               |       | 3,468               | 0.19                                    |
| Indian Tribes            |                |                                     |               |       | 12,333              | 0.68                                    |
| Undistributed            |                |                                     |               |       | 653,644             |                                         |
| <b>Total</b>             |                |                                     |               |       | <b>2,466,567</b>    | <sup>1</sup> <b>100.00</b>              |

<sup>1</sup> Excludes undistributed obligations.

Department of Education, Office of Special Education and Rehabilitative Services

1-0301-0-1-506

**Table 18-13. VOCATIONAL REHABILITATION GRANTS (84.126)**

(Obligations in thousands of dollars)

| State or Territory       | FY 2011 Actual   | Estimated FY 2012 obligations from: |                  |                  | FY 2013 (estimated) | FY 2013 Percentage of distributed total |
|--------------------------|------------------|-------------------------------------|------------------|------------------|---------------------|-----------------------------------------|
|                          |                  | Previous authority                  | New authority    | Total            |                     |                                         |
| Alabama                  | 59,102           |                                     | 61,609           | 61,609           | 61,934              | 1.96                                    |
| Alaska                   | 11,658           |                                     | 10,279           | 10,279           | 10,597              | 0.34                                    |
| Arizona                  | 64,737           |                                     | 62,823           | 62,823           | 63,697              | 2.02                                    |
| Arkansas                 | 45,996           |                                     | 37,896           | 37,896           | 38,278              | 1.21                                    |
| California               | 289,166          |                                     | 294,858          | 294,858          | 298,855             | 9.47                                    |
| Colorado                 | 40,186           |                                     | 40,548           | 40,548           | 41,275              | 1.31                                    |
| Connecticut              | 24,053           |                                     | 21,325           | 21,325           | 21,570              | 0.68                                    |
| Delaware                 | 10,457           |                                     | 10,279           | 10,279           | 10,597              | 0.34                                    |
| District of Columbia     | 14,873           |                                     | 13,500           | 13,500           | 13,965              | 0.44                                    |
| Florida                  | 155,698          |                                     | 169,058          | 169,058          | 171,460             | 5.43                                    |
| Georgia                  | 64,749           |                                     | 103,507          | 103,507          | 104,813             | 3.32                                    |
| Hawaii                   | 12,900           |                                     | 11,755           | 11,755           | 12,087              | 0.38                                    |
| Idaho                    | 15,481           |                                     | 18,007           | 18,007           | 18,384              | 0.58                                    |
| Illinois                 | 114,847          |                                     | 111,622          | 111,622          | 112,261             | 3.56                                    |
| Indiana                  | 64,145           |                                     | 76,337           | 76,337           | 76,698              | 2.43                                    |
| Iowa                     | 26,236           |                                     | 33,200           | 33,200           | 33,479              | 1.06                                    |
| Kansas                   | 29,104           |                                     | 28,478           | 28,478           | 28,758              | 0.91                                    |
| Kentucky                 | 46,186           |                                     | 56,947           | 56,947           | 57,320              | 1.82                                    |
| Louisiana                | 33,432           |                                     | 54,577           | 54,577           | 55,016              | 1.74                                    |
| Maine                    | 16,496           |                                     | 15,979           | 15,979           | 16,222              | 0.51                                    |
| Maryland                 | 47,117           |                                     | 41,298           | 41,298           | 41,868              | 1.33                                    |
| Massachusetts            | 68,680           |                                     | 47,794           | 47,794           | 48,345              | 1.53                                    |
| Michigan                 | 98,699           |                                     | 112,918          | 112,918          | 113,016             | 3.58                                    |
| Minnesota                | 47,462           |                                     | 48,149           | 48,149           | 48,639              | 1.54                                    |
| Mississippi              | 44,457           |                                     | 43,016           | 43,016           | 43,289              | 1.37                                    |
| Missouri                 | 65,177           |                                     | 66,681           | 66,681           | 66,983              | 2.12                                    |
| Montana                  | 11,750           |                                     | 11,552           | 11,552           | 11,867              | 0.38                                    |
| Nebraska                 | 19,983           |                                     | 18,556           | 18,556           | 18,914              | 0.60                                    |
| Nevada                   | 18,617           |                                     | 22,207           | 22,207           | 22,517              | 0.71                                    |
| New Hampshire            | 11,974           |                                     | 11,560           | 11,560           | 11,815              | 0.37                                    |
| New Jersey               | 57,620           |                                     | 58,076           | 58,076           | 58,632              | 1.86                                    |
| New Mexico               | 22,020           |                                     | 24,728           | 24,728           | 25,116              | 0.80                                    |
| New York                 | 169,121          |                                     | 146,984          | 146,984          | 148,275             | 4.70                                    |
| North Carolina           | 103,490          |                                     | 106,174          | 106,174          | 107,470             | 3.41                                    |
| North Dakota             | 10,157           |                                     | 10,279           | 10,279           | 10,597              | 0.34                                    |
| Ohio                     | 105,641          |                                     | 133,070          | 133,070          | 133,314             | 4.22                                    |
| Oklahoma                 | 43,405           |                                     | 43,148           | 43,148           | 43,581              | 1.38                                    |
| Oregon                   | 39,059           |                                     | 39,356           | 39,356           | 39,776              | 1.26                                    |
| Pennsylvania             | 99,130           |                                     | 131,561          | 131,561          | 132,293             | 4.19                                    |
| Rhode Island             | 15,953           |                                     | 10,494           | 10,494           | 10,737              | 0.34                                    |
| South Carolina           | 49,972           |                                     | 57,214           | 57,214           | 57,891              | 1.83                                    |
| South Dakota             | 10,157           |                                     | 10,279           | 10,279           | 10,597              | 0.34                                    |
| Tennessee                | 72,682           |                                     | 74,531           | 74,531           | 75,171              | 2.38                                    |
| Texas                    | 234,145          |                                     | 241,602          | 241,602          | 246,389             | 7.81                                    |
| Utah                     | 37,874           |                                     | 30,874           | 30,874           | 31,491              | 1.00                                    |
| Vermont                  | 14,815           |                                     | 10,279           | 10,279           | 10,597              | 0.34                                    |
| Virginia                 | 73,422           |                                     | 66,791           | 66,791           | 67,745              | 2.15                                    |
| Washington               | 53,689           |                                     | 54,274           | 54,274           | 55,189              | 1.75                                    |
| West Virginia            | 47,956           |                                     | 26,768           | 26,768           | 26,990              | 0.86                                    |
| Wisconsin                | 57,089           |                                     | 61,533           | 61,533           | 61,840              | 1.96                                    |
| Wyoming                  | 8,921            |                                     | 10,279           | 10,279           | 10,597              | 0.34                                    |
| American Samoa           | 1,084            |                                     | 959              | 959              | 1,006               | 0.03                                    |
| Guam                     | 2,993            |                                     | 2,900            | 2,900            | 2,935               | 0.09                                    |
| Northern Mariana Islands | 821              |                                     | 862              | 862              | 909                 | 0.03                                    |
| Puerto Rico              | 75,015           |                                     | 72,425           | 72,425           | 72,150              | 2.29                                    |
| Freely Associated States |                  |                                     |                  |                  |                     |                                         |
| Virgin Islands           | 2,286            |                                     | 2,059            | 2,059            | 2,100               | 0.07                                    |
| Indian Tribes            | 43,550           |                                     | 37,898           | 37,898           | 38,200              | 1.21                                    |
| Undistributed            | 59,211           |                                     |                  |                  | 11,262              |                                         |
| <b>Total</b>             | <b>3,084,696</b> |                                     | <b>3,121,712</b> | <b>3,121,712</b> | <b>3,167,369</b>    | <b>100.00</b>                           |

NOTE: FY 2013 estimates reflect the Administration proposal to consolidate smaller programs into the VR State Grant program. FY 2013 estimates are illustrative and subject to change.

<sup>1</sup> The undistributed amount includes \$10 million that would be set aside to support an interagency Workforce Innovation Fund and \$1.262 million to pay the continuation costs of the remaining four Migrant and Seasonal Farmworkers projects awarded under Section 304 of the Rehabilitation Act of 1973, USC Title 29 section 774.

<sup>2</sup> Excludes undistributed obligations.



Department of Education, Office of Special Education and Rehabilitative Services

91-0300-0-1-501

**Table 18-14. SPECIAL EDUCATION-GRANTS TO STATES (84.027)**

(Obligations in thousands of dollars)

| State or Territory                   | FY 2011 Actual    | Estimated FY 2012 obligations from: |                   |                   | FY 2013<br>(estimated) | FY 2013<br>Percentage of<br>distributed total |
|--------------------------------------|-------------------|-------------------------------------|-------------------|-------------------|------------------------|-----------------------------------------------|
|                                      |                   | Previous<br>authority               | New authority     | Total             |                        |                                               |
| Alabama .....                        | 179,982           | .....                               | 181,562           | 181,562           | 181,566                | 1.57                                          |
| Alaska .....                         | 36,064            | .....                               | 36,472            | 36,472            | 36,472                 | 0.32                                          |
| Arizona .....                        | 183,462           | .....                               | 188,006           | 188,006           | 188,010                | 1.62                                          |
| Arkansas .....                       | 111,004           | .....                               | 111,980           | 111,980           | 111,982                | 0.97                                          |
| California .....                     | 1,213,998         | .....                               | 1,224,662         | 1,224,662         | 1,224,698              | 10.58                                         |
| Colorado .....                       | 152,892           | .....                               | 154,234           | 154,234           | 154,240                | 1.33                                          |
| Connecticut .....                    | 131,612           | .....                               | 132,768           | 132,768           | 132,772                | 1.15                                          |
| Delaware .....                       | 33,614            | .....                               | 34,446            | 34,446            | 34,448                 | 0.30                                          |
| District of Columbia .....           | 16,902            | .....                               | 17,320            | 17,320            | 17,320                 | 0.15                                          |
| Florida .....                        | 625,658           | .....                               | 631,152           | 631,152           | 631,170                | 5.45                                          |
| Georgia .....                        | 322,524           | .....                               | 328,078           | 328,078           | 328,088                | 2.83                                          |
| Hawaii .....                         | 39,504            | .....                               | 39,852            | 39,852            | 39,854                 | 0.34                                          |
| Idaho .....                          | 54,740            | .....                               | 55,222            | 55,222            | 55,222                 | 0.48                                          |
| Illinois .....                       | 501,248           | .....                               | 505,652           | 505,652           | 505,666                | 4.37                                          |
| Indiana .....                        | 255,334           | .....                               | 257,576           | 257,576           | 257,584                | 2.22                                          |
| Iowa .....                           | 120,850           | .....                               | 121,910           | 121,910           | 121,914                | 1.05                                          |
| Kansas .....                         | 105,764           | .....                               | 106,692           | 106,692           | 106,696                | 0.92                                          |
| Kentucky .....                       | 156,514           | .....                               | 157,888           | 157,888           | 157,892                | 1.36                                          |
| Louisiana .....                      | 187,318           | .....                               | 188,962           | 188,962           | 188,968                | 1.63                                          |
| Maine .....                          | 54,166            | .....                               | 54,642            | 54,642            | 54,642                 | 0.47                                          |
| Maryland .....                       | 198,176           | .....                               | 199,916           | 199,916           | 199,922                | 1.73                                          |
| Massachusetts .....                  | 280,998           | .....                               | 283,466           | 283,466           | 283,474                | 2.45                                          |
| Michigan .....                       | 396,402           | .....                               | 399,884           | 399,884           | 399,896                | 3.45                                          |
| Minnesota .....                      | 187,882           | .....                               | 189,532           | 189,532           | 189,538                | 1.64                                          |
| Mississippi .....                    | 118,936           | .....                               | 119,980           | 119,980           | 119,984                | 1.04                                          |
| Missouri .....                       | 224,856           | .....                               | 226,830           | 226,830           | 226,836                | 1.96                                          |
| Montana .....                        | 36,814            | .....                               | 37,222            | 37,222            | 37,222                 | 0.32                                          |
| Nebraska .....                       | 73,914            | .....                               | 74,564            | 74,564            | 74,566                 | 0.64                                          |
| Nevada .....                         | 68,994            | .....                               | 70,702            | 70,702            | 70,706                 | 0.61                                          |
| New Hampshire .....                  | 46,976            | .....                               | 47,390            | 47,390            | 47,390                 | 0.41                                          |
| New Jersey .....                     | 357,804           | .....                               | 360,946           | 360,946           | 360,956                | 3.12                                          |
| New Mexico .....                     | 90,214            | .....                               | 91,006            | 91,006            | 91,008                 | 0.79                                          |
| New York .....                       | 751,404           | .....                               | 758,002           | 758,002           | 758,024                | 6.55                                          |
| North Carolina .....                 | 323,238           | .....                               | 326,078           | 326,078           | 326,088                | 2.82                                          |
| North Dakota .....                   | 27,294            | .....                               | 27,970            | 27,970            | 27,970                 | 0.24                                          |
| Ohio .....                           | 433,154           | .....                               | 436,958           | 436,958           | 436,972                | 3.77                                          |
| Oklahoma .....                       | 146,388           | .....                               | 147,674           | 147,674           | 147,678                | 1.28                                          |
| Oregon .....                         | 127,640           | .....                               | 128,760           | 128,760           | 128,764                | 1.11                                          |
| Pennsylvania .....                   | 422,716           | .....                               | 426,428           | 426,428           | 426,440                | 3.68                                          |
| Rhode Island .....                   | 43,288            | .....                               | 43,668            | 43,668            | 43,670                 | 0.38                                          |
| South Carolina .....                 | 175,288           | .....                               | 176,828           | 176,828           | 176,834                | 1.53                                          |
| South Dakota .....                   | 32,514            | .....                               | 33,320            | 33,320            | 33,320                 | 0.29                                          |
| Tennessee .....                      | 234,412           | .....                               | 236,470           | 236,470           | 236,476                | 2.04                                          |
| Texas .....                          | 972,140           | .....                               | 980,678           | 980,678           | 980,708                | 8.47                                          |
| Utah .....                           | 108,500           | .....                               | 109,454           | 109,454           | 109,458                | 0.95                                          |
| Vermont .....                        | 26,316            | .....                               | 26,968            | 26,968            | 26,970                 | 0.23                                          |
| Virginia .....                       | 279,026           | .....                               | 281,476           | 281,476           | 281,484                | 2.43                                          |
| Washington .....                     | 219,030           | .....                               | 220,954           | 220,954           | 220,960                | 1.91                                          |
| West Virginia .....                  | 75,178            | .....                               | 75,838            | 75,838            | 75,840                 | 0.66                                          |
| Wisconsin .....                      | 206,054           | .....                               | 207,862           | 207,862           | 207,868                | 1.80                                          |
| Wyoming .....                        | 27,610            | .....                               | 28,292            | 28,292            | 28,294                 | 0.24                                          |
| American Samoa .....                 | 6,298             | .....                               | 6,358             | 6,358             | 6,298                  | 0.05                                          |
| Guam .....                           | 13,962            | .....                               | 14,098            | 14,098            | 13,962                 | 0.12                                          |
| Northern Mariana Islands .....       | 4,786             | .....                               | 4,832             | 4,832             | 4,786                  | 0.04                                          |
| Puerto Rico .....                    | 112,146           | .....                               | 114,924           | 114,924           | 114,926                | 0.99                                          |
| Freely Associated States .....       | 6,580             | .....                               | 6,580             | 6,580             | 6,580                  | 0.06                                          |
| Virgin Islands .....                 | 8,874             | .....                               | 8,960             | 8,960             | 8,874                  | 0.08                                          |
| Indian Tribes .....                  | 92,012            | .....                               | 92,910            | 92,910            | 92,910                 | 0.80                                          |
| Undistributed .....                  | .....             | .....                               | .....             | .....             | .....                  | .....                                         |
| Technical Assistance Set Aside ..... | 25,000            | .....                               | 25,000            | 25,000            | 25,000                 | 0.22                                          |
| <b>Total .....</b>                   | <b>11,465,964</b> | <b>.....</b>                        | <b>11,577,854</b> | <b>11,577,854</b> | <b>11,577,856</b>      | <b><sup>1</sup> 100.00</b>                    |

NOTE: Totals do not reflect reductions in awards made pursuant to 20 U.S.C. 1412(a)(18)(B).

<sup>1</sup> Excludes undistributed obligations.

Department of Health and Human Services, Centers for Medicare and Medicaid Services

75-0515-0-1-551

**Table 18-15. CHILDREN'S HEALTH INSURANCE PROGRAM (93.767)**

(Obligations in thousands of dollars)

| State or Territory          | FY 2011 Actual    | Estimated FY 2012 obligations from: |                   |                   | FY 2013 (estimated) | FY 2013 Percentage of distributed total |
|-----------------------------|-------------------|-------------------------------------|-------------------|-------------------|---------------------|-----------------------------------------|
|                             |                   | Previous authority                  | New authority     | Total             |                     |                                         |
| Alabama                     | 135,448           |                                     | 141,358           | 141,358           | 179,349             | 1.85                                    |
| Alaska                      | 19,830            |                                     | 21,005            | 21,005            | 23,415              | 0.24                                    |
| Arizona                     | 61,462            |                                     | 64,635            | 64,635            | 27,544              | 0.28                                    |
| Arkansas                    | 90,853            |                                     | 95,364            | 95,364            | 105,785             | 1.09                                    |
| California                  | 1,254,895         |                                     | 1,314,260         | 1,314,260         | 1,564,899           | 16.13                                   |
| Colorado                    | 123,499           |                                     | 130,420           | 130,420           | 136,071             | 1.40                                    |
| Connecticut                 | 31,320            |                                     | 32,686            | 32,686            | 46,374              | 0.48                                    |
| Delaware                    | 13,570            |                                     | 14,162            | 14,162            | 15,457              | 0.16                                    |
| District of Columbia        | 11,989            |                                     | 12,611            | 12,611            | 11,679              | 0.12                                    |
| Florida                     | 324,871           |                                     | 339,812           | 339,812           | 368,755             | 3.80                                    |
| Georgia                     | 239,369           |                                     | 250,874           | 250,874           | 368,964             | 3.80                                    |
| Hawaii                      | 33,257            |                                     | 34,803            | 34,803            | 31,073              | 0.32                                    |
| Idaho                       | 36,206            |                                     | 37,945            | 37,945            | 43,198              | 0.45                                    |
| Illinois                    | 273,211           |                                     | 285,132           | 285,132           | 295,219             | 3.04                                    |
| Indiana                     | 94,539            |                                     | 98,664            | 98,664            | 132,501             | 1.37                                    |
| Iowa                        | 75,497            |                                     | 108,994           | 108,994           | 99,900              | 1.03                                    |
| Kansas                      | 55,864            |                                     | 58,771            | 58,771            | 59,230              | 0.61                                    |
| Kentucky                    | 129,601           |                                     | 135,474           | 135,474           | 153,662             | 1.58                                    |
| Louisiana                   | 186,019           |                                     | 195,190           | 195,190           | 154,928             | 1.60                                    |
| Maine                       | 35,490            |                                     | 37,038            | 37,038            | 31,984              | 0.33                                    |
| Maryland                    | 168,778           |                                     | 176,289           | 176,289           | 179,639             | 1.85                                    |
| Massachusetts               | 316,955           |                                     | 330,784           | 330,784           | 340,147             | 3.51                                    |
| Michigan                    | 120,970           |                                     | 126,248           | 126,248           | 83,245              | 0.86                                    |
| Minnesota                   | 20,498            |                                     | 21,392            | 21,392            | 32,308              | 0.33                                    |
| Mississippi                 | 160,649           |                                     | 167,658           | 167,658           | 182,126             | 1.88                                    |
| Missouri                    | 112,711           |                                     | 117,629           | 117,629           | 124,000             | 1.28                                    |
| Montana                     | 38,466            |                                     | 40,144            | 40,144            | 60,762              | 0.63                                    |
| Nebraska                    | 38,943            |                                     | 40,961            | 40,961            | 43,392              | 0.45                                    |
| Nevada                      | 24,078            |                                     | 25,129            | 25,129            | 30,487              | 0.31                                    |
| New Hampshire               | 12,821            |                                     | 13,380            | 13,380            | 20,379              | 0.21                                    |
| New Jersey                  | 592,188           |                                     | 618,026           | 618,026           | 684,928             | 7.06                                    |
| New Mexico                  | 245,492           |                                     | 258,655           | 258,655           | 160,931             | 1.66                                    |
| New York                    | 525,836           |                                     | 548,779           | 548,779           | 555,731             | 5.73                                    |
| North Carolina              | 382,336           |                                     | 401,229           | 401,229           | 390,609             | 4.03                                    |
| North Dakota                | 15,258            |                                     | 16,064            | 16,064            | 18,316              | 0.19                                    |
| Ohio                        | 277,965           |                                     | 290,093           | 290,093           | 314,480             | 3.24                                    |
| Oklahoma                    | 120,389           |                                     | 126,870           | 126,870           | 196,493             | 2.03                                    |
| Oregon                      | 91,102            |                                     | 95,355            | 95,355            | 153,783             | 1.59                                    |
| Pennsylvania                | 321,847           |                                     | 335,890           | 335,890           | 318,371             | 3.28                                    |
| Rhode Island                | 30,345            |                                     | 31,669            | 31,669            | 29,929              | 0.31                                    |
| South Carolina              | 98,027            |                                     | 102,467           | 102,467           | 101,820             | 1.05                                    |
| South Dakota                | 20,067            |                                     | 21,119            | 21,119            | 22,099              | 0.23                                    |
| Tennessee                   | 134,225           |                                     | 140,134           | 140,134           | 217,430             | 2.24                                    |
| Texas                       | 832,714           |                                     | 882,578           | 882,578           | 967,796             | 9.98                                    |
| Utah                        | 63,916            |                                     | 67,820            | 67,820            | 66,846              | 0.69                                    |
| Vermont                     | 5,794             |                                     | 6,047             | 6,047             | 19,215              | 0.20                                    |
| Virginia                    | 175,234           |                                     | 184,004           | 184,004           | 185,589             | 1.91                                    |
| Washington                  | 45,366            |                                     | 47,620            | 47,620            | 80,704              | 0.83                                    |
| West Virginia               | 41,268            |                                     | 43,069            | 43,069            | 48,630              | 0.50                                    |
| Wisconsin                   | 102,733           |                                     | 107,215           | 107,215           | 93,949              | 0.97                                    |
| Wyoming                     | 9,989             |                                     | 10,443            | 10,443            | 10,880              | 0.11                                    |
| American Samoa              | 939               |                                     | 980               | 980               | 1,023               | 0.01                                    |
| Guam                        | 4,178             |                                     | 4,360             | 4,360             | 4,550               | 0.05                                    |
| Northern Mariana Islands    | 861               |                                     | 899               | 899               | 938                 | 0.01                                    |
| Puerto Rico                 | 99,567            |                                     | 103,911           | 103,911           | 108,445             | 1.12                                    |
| Freely Associated States    |                   |                                     |                   |                   |                     |                                         |
| Virgin Islands <sup>1</sup> |                   |                                     |                   |                   |                     |                                         |
| Indian Tribes               |                   |                                     |                   |                   |                     |                                         |
| Undistributed               | 4,979,705         |                                     | 6,067,892         | 6,067,892         | 7,706,043           |                                         |
| <b>Total</b>                | <b>13,459,000</b> |                                     | <b>14,982,000</b> | <b>14,982,000</b> | <b>17,406,000</b>   | <sup>2</sup> <b>100.00</b>              |

NOTE: Obligations remain available for Federal payments for two years. The FY 2013 estimates will be determined by increasing the FY 2012 Federal payments made to States by growth factors in the Children's Health Insurance Program Reauthorization Act of 2009 (P.L. 111-3).

<sup>1</sup> Virgin Islands received no Federal payments from available allotments in 2010 or 2011, resulting in no new obligation in FY 2012 per allotment calculation methodology.

<sup>2</sup> Excludes undistributed obligations.

Department of Health and Human Services, Centers for Medicare and Medicaid Services

75-0512-0-1-551

**Table 18-16. GRANTS TO STATES FOR MEDICAID (93.778)**

(Obligations in thousands of dollars)

| State or Territory        | FY 2011 Actual     | Estimated FY 2012 obligations from: |                    |                    | FY 2013 (estimated) | FY 2013 Percentage of distributed total |
|---------------------------|--------------------|-------------------------------------|--------------------|--------------------|---------------------|-----------------------------------------|
|                           |                    | Previous authority                  | New authority      | Total              |                     |                                         |
| Alabama                   | 3,671,965          |                                     | 3,930,310          | 3,930,310          | 3,925,353           | 1.43                                    |
| Alaska                    | 896,368            |                                     | 886,755            | 886,755            | 945,031             | 0.34                                    |
| Arizona                   | 6,631,504          |                                     | 5,884,698          | 5,884,698          | 5,883,565           | 2.14                                    |
| Arkansas                  | 3,154,151          |                                     | 3,137,293          | 3,137,293          | 3,314,329           | 1.21                                    |
| California                | 33,934,951         |                                     | 27,419,744         | 27,419,744         | 27,339,410          | 9.95                                    |
| Colorado                  | 2,556,574          |                                     | 2,455,882          | 2,455,882          | 2,457,346           | 0.89                                    |
| Connecticut               | 3,353,879          |                                     | 3,023,007          | 3,023,007          | 3,130,456           | 1.14                                    |
| Delaware                  | 879,541            |                                     | 820,959            | 820,959            | 856,521             | 0.31                                    |
| District of Columbia      | 1,636,792          |                                     | 1,490,306          | 1,490,306          | 1,497,898           | 0.55                                    |
| Florida                   | 11,701,750         |                                     | 10,982,906         | 10,982,906         | 12,070,614          | 4.39                                    |
| Georgia                   | 5,909,192          |                                     | 5,672,255          | 5,672,255          | 5,737,216           | 2.09                                    |
| Hawaii                    | 982,424            |                                     | 843,860            | 843,860            | 904,755             | 0.33                                    |
| Idaho                     | 1,179,865          |                                     | 1,247,826          | 1,247,826          | 1,346,363           | 0.49                                    |
| Illinois                  | 7,750,839          |                                     | 7,383,527          | 7,383,527          | 7,380,699           | 2.69                                    |
| Indiana                   | 4,912,614          |                                     | 5,116,332          | 5,116,332          | 5,198,839           | 1.89                                    |
| Iowa                      | 2,342,713          |                                     | 2,237,321          | 2,237,321          | 2,336,633           | 0.85                                    |
| Kansas                    | 1,817,792          |                                     | 1,658,743          | 1,658,743          | 1,674,268           | 0.61                                    |
| Kentucky                  | 4,463,867          |                                     | 4,318,509          | 4,318,509          | 4,266,825           | 1.55                                    |
| Louisiana                 | 4,915,949          |                                     | 4,959,701          | 4,959,701          | 4,835,716           | 1.76                                    |
| Maine                     | 1,718,098          |                                     | 1,412,106          | 1,412,106          | 1,461,383           | 0.53                                    |
| Maryland                  | 4,294,284          |                                     | 3,649,004          | 3,649,004          | 3,880,423           | 1.41                                    |
| Massachusetts             | 7,720,873          |                                     | 6,822,025          | 6,822,025          | 6,721,584           | 2.45                                    |
| Michigan                  | 8,901,289          |                                     | 8,530,647          | 8,530,647          | 8,933,215           | 3.25                                    |
| Minnesota                 | 4,842,285          |                                     | 5,062,574          | 5,062,574          | 4,985,748           | 1.81                                    |
| Mississippi               | 3,629,993          |                                     | 3,996,839          | 3,996,839          | 4,284,295           | 1.56                                    |
| Missouri                  | 5,707,097          |                                     | 5,953,069          | 5,953,069          | 5,939,561           | 2.16                                    |
| Montana                   | 739,807            |                                     | 802,755            | 802,755            | 735,972             | 0.27                                    |
| Nebraska                  | 1,111,627          |                                     | 1,073,333          | 1,073,333          | 1,101,109           | 0.40                                    |
| Nevada                    | 977,650            |                                     | 1,007,264          | 1,007,264          | 1,062,970           | 0.39                                    |
| New Hampshire             | 803,103            |                                     | 689,098            | 689,098            | 711,272             | 0.26                                    |
| New Jersey                | 6,177,327          |                                     | 5,857,980          | 5,857,980          | 6,047,156           | 2.20                                    |
| New Mexico                | 2,616,293          |                                     | 2,793,499          | 2,793,499          | 3,290,363           | 1.20                                    |
| New York                  | 30,158,212         |                                     | 31,560,163         | 31,560,163         | 33,560,898          | 12.21                                   |
| North Carolina            | 7,633,582          |                                     | 7,753,928          | 7,753,928          | 7,778,960           | 2.83                                    |
| North Dakota              | 490,082            |                                     | 473,751            | 473,751            | 453,344             | 0.16                                    |
| Ohio                      | 11,058,492         |                                     | 11,592,756         | 11,592,756         | 11,675,254          | 4.25                                    |
| Oklahoma                  | 3,094,986          |                                     | 3,097,182          | 3,097,182          | 3,210,651           | 1.17                                    |
| Oregon                    | 3,175,351          |                                     | 3,127,377          | 3,127,377          | 3,233,606           | 1.18                                    |
| Pennsylvania              | 13,227,690         |                                     | 12,164,818         | 12,164,818         | 12,469,159          | 4.54                                    |
| Rhode Island              | 1,293,341          |                                     | 1,143,570          | 1,143,570          | 1,168,701           | 0.43                                    |
| South Carolina            | 3,789,291          |                                     | 3,644,106          | 3,644,106          | 3,580,296           | 1.30                                    |
| South Dakota              | 541,561            |                                     | 533,994            | 533,994            | 536,813             | 0.20                                    |
| Tennessee                 | 5,923,638          |                                     | 6,269,329          | 6,269,329          | 6,861,115           | 2.50                                    |
| Texas                     | 19,264,257         |                                     | 18,091,472         | 18,091,472         | 19,068,176          | 6.94                                    |
| Utah                      | 1,394,824          |                                     | 1,414,263          | 1,414,263          | 1,461,234           | 0.53                                    |
| Vermont                   | 844,559            |                                     | 857,581            | 857,581            | 847,755             | 0.31                                    |
| Virginia                  | 4,052,544          |                                     | 3,725,460          | 3,725,460          | 4,079,758           | 1.48                                    |
| Washington                | 3,677,209          |                                     | 4,719,916          | 4,719,916          | 5,639,378           | 2.05                                    |
| West Virginia             | 2,231,730          |                                     | 2,231,035          | 2,231,035          | 2,289,905           | 0.83                                    |
| Wisconsin                 | 4,736,191          |                                     | 4,251,605          | 4,251,605          | 4,441,083           | 1.62                                    |
| Wyoming                   | 325,558            |                                     | 305,074            | 305,074            | 305,185             | 0.11                                    |
| American Samoa            | 13,408             |                                     | 13,873             | 13,873             | 14,039              | 0.01                                    |
| Guam                      | 17,404             |                                     | 21,656             | 21,656             | 21,411              | 0.01                                    |
| Northern Mariana Islands  | 14,438             |                                     | 17,550             | 17,550             | 17,550              | 0.01                                    |
| Puerto Rico               | 871,841            |                                     | 1,008,676          | 1,008,676          | 1,008,676           | 0.37                                    |
| Freely Associated States  |                    |                                     |                    |                    |                     |                                         |
| Virgin Islands            | 19,621             |                                     | 33,265             | 33,265             | 33,265              | 0.01                                    |
| Indian Tribes             |                    |                                     |                    |                    |                     |                                         |
| Undistributed             | 20,849,319         |                                     | 1,101,666          | 1,101,666          | 10,067,766          |                                         |
| Survey and Certification  | 215,826            |                                     | 228,000            | 228,000            | 230,280             | 0.08                                    |
| Vaccines For Children     | 3,952,677          |                                     | 4,009,060          | 4,009,060          | 4,271,015           | 1.55                                    |
| Fraud Control Units       | 215,319            |                                     | 215,973            | 215,973            | 237,200             | 0.09                                    |
| Medicare Part B Transfer  | 703,327            |                                     | 535,000            | 535,000            | 695,000             | 0.25                                    |
| Incurred But Not Reported | 117,310            |                                     | 1,359,500          | 1,359,500          | 1,359,500           | 0.49                                    |
| <b>Total</b>              | <b>295,836,044</b> |                                     | <b>266,621,726</b> | <b>266,621,726</b> | <b>284,873,861</b>  | <b>1 100.00</b>                         |

<sup>1</sup> Excludes undistributed obligations.

Department of Health and Human Services, Administration for Children and Families

75-1552-0-1-609

Table 18-17. TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)-FAMILY ASSISTANCE GRANTS (93.558)

(Obligations in thousands of dollars)

| State or Territory                      | FY 2011 Actual    | Estimated FY 2012 obligations from: |                   |                   | FY 2013<br>(estimated) | FY 2013<br>Percentage of<br>distributed total |
|-----------------------------------------|-------------------|-------------------------------------|-------------------|-------------------|------------------------|-----------------------------------------------|
|                                         |                   | Previous<br>authority               | New authority     | Total             |                        |                                               |
| Alabama .....                           | 93,315            | .....                               | 89,634            | 89,634            | 89,634                 | 0.54                                          |
| Alaska .....                            | 45,260            | .....                               | 43,475            | 43,475            | 43,475                 | 0.26                                          |
| Arizona .....                           | 200,141           | .....                               | 192,246           | 192,246           | 192,246                | 1.15                                          |
| Arkansas .....                          | 56,733            | .....                               | 54,495            | 54,495            | 54,495                 | 0.33                                          |
| California .....                        | 3,659,390         | .....                               | 3,515,027         | 3,515,027         | 3,515,027              | 21.00                                         |
| Colorado .....                          | 136,057           | .....                               | 130,689           | 130,689           | 130,689                | 0.78                                          |
| Connecticut .....                       | 266,788           | .....                               | 256,263           | 256,263           | 256,263                | 1.53                                          |
| Delaware .....                          | 32,291            | .....                               | 31,017            | 31,017            | 31,017                 | 0.19                                          |
| District of Columbia .....              | 92,610            | .....                               | 88,956            | 88,956            | 88,956                 | 0.53                                          |
| Florida .....                           | 562,340           | .....                               | 540,156           | 540,156           | 540,156                | 3.23                                          |
| Georgia .....                           | 330,742           | .....                               | 317,694           | 317,694           | 317,694                | 1.90                                          |
| Hawaii .....                            | 98,905            | .....                               | 95,003            | 95,003            | 95,003                 | 0.57                                          |
| Idaho .....                             | 30,413            | .....                               | 29,213            | 29,213            | 29,213                 | 0.17                                          |
| Illinois .....                          | 585,057           | .....                               | 561,976           | 561,976           | 561,976                | 3.36                                          |
| Indiana .....                           | 206,799           | .....                               | 198,641           | 198,641           | 198,641                | 1.19                                          |
| Iowa .....                              | 131,030           | .....                               | 125,861           | 125,861           | 125,861                | 0.75                                          |
| Kansas .....                            | 101,931           | .....                               | 97,910            | 97,910            | 97,910                 | 0.58                                          |
| Kentucky .....                          | 181,288           | .....                               | 174,136           | 174,136           | 174,136                | 1.04                                          |
| Louisiana .....                         | 163,972           | .....                               | 157,503           | 157,503           | 157,503                | 0.94                                          |
| Maine .....                             | 78,121            | .....                               | 75,039            | 75,039            | 75,039                 | 0.45                                          |
| Maryland .....                          | 229,098           | .....                               | 220,060           | 220,060           | 220,060                | 1.31                                          |
| Massachusetts .....                     | 459,371           | .....                               | 441,249           | 441,249           | 441,249                | 2.64                                          |
| Michigan .....                          | 775,353           | .....                               | 744,765           | 744,765           | 744,765                | 4.45                                          |
| Minnesota .....                         | 263,434           | .....                               | 253,042           | 253,042           | 253,042                | 1.51                                          |
| Mississippi .....                       | 86,768            | .....                               | 83,345            | 83,345            | 83,345                 | 0.50                                          |
| Missouri .....                          | 217,052           | .....                               | 208,489           | 208,489           | 208,489                | 1.25                                          |
| Montana .....                           | 38,039            | .....                               | 36,538            | 36,538            | 36,538                 | 0.22                                          |
| Nebraska .....                          | 57,514            | .....                               | 55,245            | 55,245            | 55,245                 | 0.33                                          |
| Nevada .....                            | 43,908            | .....                               | 42,175            | 42,175            | 42,175                 | 0.25                                          |
| New Hampshire .....                     | 38,521            | .....                               | 37,002            | 37,002            | 37,002                 | 0.22                                          |
| New Jersey .....                        | 404,035           | .....                               | 388,096           | 388,096           | 388,096                | 2.32                                          |
| New Mexico .....                        | 110,578           | .....                               | 106,216           | 106,216           | 106,216                | 0.63                                          |
| New York .....                          | 2,442,931         | .....                               | 2,346,557         | 2,346,557         | 2,346,557              | 14.02                                         |
| North Carolina .....                    | 302,240           | .....                               | 290,316           | 290,316           | 290,316                | 1.73                                          |
| North Dakota .....                      | 26,400            | .....                               | 25,358            | 25,358            | 25,358                 | 0.15                                          |
| Ohio .....                              | 727,968           | .....                               | 699,250           | 699,250           | 699,250                | 4.18                                          |
| Oklahoma .....                          | 145,281           | .....                               | 139,550           | 139,550           | 139,550                | 0.83                                          |
| Oregon .....                            | 166,799           | .....                               | 160,218           | 160,218           | 160,218                | 0.96                                          |
| Pennsylvania .....                      | 719,499           | .....                               | 691,115           | 691,115           | 691,115                | 4.13                                          |
| Rhode Island .....                      | 95,022            | .....                               | 91,273            | 91,273            | 91,273                 | 0.55                                          |
| South Carolina .....                    | 99,968            | .....                               | 96,024            | 96,024            | 96,024                 | 0.57                                          |
| South Dakota .....                      | 21,280            | .....                               | 20,440            | 20,440            | 20,440                 | 0.12                                          |
| Tennessee .....                         | 191,524           | .....                               | 183,968           | 183,968           | 183,968                | 1.10                                          |
| Texas .....                             | 486,257           | .....                               | 467,074           | 467,074           | 467,074                | 2.79                                          |
| Utah .....                              | 75,609            | .....                               | 72,627            | 72,627            | 72,627                 | 0.43                                          |
| Vermont .....                           | 47,353            | .....                               | 45,485            | 45,485            | 45,485                 | 0.27                                          |
| Virginia .....                          | 158,285           | .....                               | 152,041           | 152,041           | 152,041                | 0.91                                          |
| Washington .....                        | 380,545           | .....                               | 365,532           | 365,532           | 365,532                | 2.18                                          |
| West Virginia .....                     | 110,176           | .....                               | 105,830           | 105,830           | 105,830                | 0.63                                          |
| Wisconsin .....                         | 314,499           | .....                               | 302,092           | 302,092           | 302,092                | 1.80                                          |
| Wyoming .....                           | 18,501            | .....                               | 17,771            | 17,771            | 17,771                 | 0.11                                          |
| American Samoa .....                    | .....             | .....                               | .....             | .....             | .....                  | .....                                         |
| Guam .....                              | 3,465             | .....                               | 3,465             | 3,465             | 3,465                  | 0.02                                          |
| Northern Mariana Islands .....          | .....             | .....                               | .....             | .....             | .....                  | .....                                         |
| Puerto Rico .....                       | 71,047            | .....                               | 71,047            | 71,047            | 71,047                 | 0.42                                          |
| Freely Associated States .....          | .....             | .....                               | .....             | .....             | .....                  | .....                                         |
| Virgin Islands .....                    | 2,847             | .....                               | 2,847             | 2,847             | 2,847                  | 0.02                                          |
| Indian Tribes .....                     | 222,274           | .....                               | 213,506           | 213,506           | 213,506                | 1.28                                          |
| Undistributed .....                     | .....             | .....                               | .....             | .....             | .....                  | .....                                         |
| Training and Technical Assistance ..... | .....             | .....                               | .....             | .....             | .....                  | .....                                         |
| Discretionary Funds .....               | 150,000           | .....                               | 150,000           | 150,000           | 150,000                | 0.90                                          |
| Other .....                             | 177,972           | .....                               | 634,633           | 634,633           | 634,633                | 3.79                                          |
| <b>Total .....</b>                      | <b>16,934,596</b> | <b>.....</b>                        | <b>16,739,175</b> | <b>16,739,175</b> | <b>16,739,175</b>      | <b><sup>1</sup> 100.00</b>                    |

<sup>1</sup> Excludes undistributed obligations.

Department of Health and Human Services, Administration for Children and Families

75-1501-0-1-609

**Table 18–18. CHILD SUPPORT ENFORCEMENT-FEDERAL SHARE OF STATE AND LOCAL ADMINISTRATIVE COSTS AND INCENTIVES (93.563)**

(Obligations in thousands of dollars)

| State or Territory       | FY 2011 Actual   | Estimated FY 2012 obligations from: |                  |                  | FY 2013 (estimated) | FY 2013 Percentage of distributed total |
|--------------------------|------------------|-------------------------------------|------------------|------------------|---------------------|-----------------------------------------|
|                          |                  | Previous authority                  | New authority    | Total            |                     |                                         |
| Alabama                  | 52,681           |                                     | 48,902           | 48,902           | 46,772              | 1.16                                    |
| Alaska                   | 19,779           |                                     | 18,360           | 18,360           | 17,560              | 0.43                                    |
| Arizona                  | 48,765           |                                     | 45,267           | 45,267           | 43,296              | 1.07                                    |
| Arkansas                 | 40,860           |                                     | 37,929           | 37,929           | 36,277              | 0.90                                    |
| California               | 742,423          |                                     | 689,163          | 689,163          | 659,149             | 16.31                                   |
| Colorado                 | 64,266           |                                     | 59,656           | 59,656           | 57,058              | 1.41                                    |
| Connecticut              | 51,480           |                                     | 47,787           | 47,787           | 45,705              | 1.13                                    |
| Delaware                 | 28,382           |                                     | 26,346           | 26,346           | 25,198              | 0.62                                    |
| District of Columbia     | 19,433           |                                     | 18,039           | 18,039           | 17,253              | 0.43                                    |
| Florida                  | 232,365          |                                     | 215,696          | 215,696          | 206,302             | 5.10                                    |
| Georgia                  | 104,548          |                                     | 97,048           | 97,048           | 92,821              | 2.30                                    |
| Hawaii                   | 15,083           |                                     | 14,001           | 14,001           | 13,391              | 0.33                                    |
| Idaho                    | 15,948           |                                     | 14,804           | 14,804           | 14,160              | 0.35                                    |
| Illinois                 | 147,196          |                                     | 136,637          | 136,637          | 130,686             | 3.23                                    |
| Indiana                  | 104,608          |                                     | 97,104           | 97,104           | 92,875              | 2.30                                    |
| Iowa                     | 46,983           |                                     | 43,613           | 43,613           | 41,714              | 1.03                                    |
| Kansas                   | 42,176           |                                     | 39,150           | 39,150           | 37,445              | 0.93                                    |
| Kentucky                 | 69,093           |                                     | 64,137           | 64,137           | 61,343              | 1.52                                    |
| Louisiana                | 70,035           |                                     | 65,010           | 65,010           | 62,179              | 1.54                                    |
| Maine                    | 21,379           |                                     | 19,846           | 19,846           | 18,981              | 0.47                                    |
| Maryland                 | 123,014          |                                     | 114,189          | 114,189          | 109,216             | 2.70                                    |
| Massachusetts            | 62,473           |                                     | 57,991           | 57,991           | 55,465              | 1.37                                    |
| Michigan                 | 166,588          |                                     | 154,637          | 154,637          | 147,902             | 3.66                                    |
| Minnesota                | 129,685          |                                     | 120,382          | 120,382          | 115,139             | 2.85                                    |
| Mississippi              | 33,751           |                                     | 31,330           | 31,330           | 29,965              | 0.74                                    |
| Missouri                 | 56,556           |                                     | 52,499           | 52,499           | 50,213              | 1.24                                    |
| Montana                  | 8,729            |                                     | 8,103            | 8,103            | 7,750               | 0.19                                    |
| Nebraska                 | 30,958           |                                     | 28,737           | 28,737           | 27,486              | 0.68                                    |
| Nevada                   | 36,582           |                                     | 33,958           | 33,958           | 32,479              | 0.80                                    |
| New Hampshire            | 17,031           |                                     | 15,810           | 15,810           | 15,121              | 0.37                                    |
| New Jersey               | 181,286          |                                     | 168,281          | 168,281          | 160,952             | 3.98                                    |
| New Mexico               | 37,384           |                                     | 34,702           | 34,702           | 33,191              | 0.82                                    |
| New York                 | 291,684          |                                     | 270,760          | 270,760          | 258,968             | 6.41                                    |
| North Carolina           | 115,478          |                                     | 107,194          | 107,194          | 102,525             | 2.54                                    |
| North Dakota             | 12,999           |                                     | 12,066           | 12,066           | 11,541              | 0.29                                    |
| Ohio                     | 239,368          |                                     | 222,196          | 222,196          | 212,519             | 5.26                                    |
| Oklahoma                 | 52,332           |                                     | 48,578           | 48,578           | 46,462              | 1.15                                    |
| Oregon                   | 53,001           |                                     | 49,198           | 49,198           | 47,056              | 1.16                                    |
| Pennsylvania             | 177,589          |                                     | 164,849          | 164,849          | 157,669             | 3.90                                    |
| Rhode Island             | 17,944           |                                     | 16,656           | 16,656           | 15,931              | 0.39                                    |
| South Carolina           | 44,732           |                                     | 41,523           | 41,523           | 39,715              | 0.98                                    |
| South Dakota             | 7,324            |                                     | 6,798            | 6,798            | 6,502               | 0.16                                    |
| Tennessee                | 68,004           |                                     | 63,126           | 63,126           | 60,377              | 1.49                                    |
| Texas                    | 274,771          |                                     | 255,059          | 255,059          | 243,951             | 6.04                                    |
| Utah                     | 41,247           |                                     | 38,288           | 38,288           | 36,621              | 0.91                                    |
| Vermont                  | 11,778           |                                     | 10,933           | 10,933           | 10,457              | 0.26                                    |
| Virginia                 | 67,375           |                                     | 62,542           | 62,542           | 59,818              | 1.48                                    |
| Washington               | 120,497          |                                     | 111,853          | 111,853          | 106,982             | 2.65                                    |
| West Virginia            | 31,505           |                                     | 29,245           | 29,245           | 27,972              | 0.69                                    |
| Wisconsin                | 94,405           |                                     | 87,633           | 87,633           | 83,816              | 2.07                                    |
| Wyoming                  | 8,480            |                                     | 7,871            | 7,871            | 7,528               | 0.19                                    |
| American Samoa           |                  |                                     |                  |                  |                     |                                         |
| Guam                     |                  |                                     |                  |                  |                     |                                         |
| Northern Mariana Islands |                  |                                     |                  |                  |                     |                                         |
| Puerto Rico              |                  |                                     |                  |                  |                     |                                         |
| Freely Associated States |                  |                                     |                  |                  |                     |                                         |
| Virgin Islands           |                  |                                     |                  |                  |                     |                                         |
| Indian Tribes            |                  |                                     |                  |                  |                     |                                         |
| Undistributed            |                  |                                     |                  |                  |                     |                                         |
| Other                    | 1 2,000          |                                     |                  |                  |                     |                                         |
| <b>Total</b>             | <b>4,554,033</b> |                                     | <b>4,225,482</b> | <b>4,225,482</b> | <b>4,041,454</b>    | <b>2 100.00</b>                         |

<sup>1</sup> 1115 Discretionary Grant award pending final state allocation.

<sup>2</sup> Excludes undistributed obligations.

Department of Health and Human Services, Administration for Children and Families

75-1502-0-1-609

Table 18–19. LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (93.568)

(Obligations in thousands of dollars)

| State or Territory                      | FY 2011 Actual   | Estimated FY 2012 obligations from: |                  |                               | FY 2013<br>(estimated) | FY 2013<br>Percentage of<br>distributed total |
|-----------------------------------------|------------------|-------------------------------------|------------------|-------------------------------|------------------------|-----------------------------------------------|
|                                         |                  | Previous<br>authority               | New authority    | Total                         |                        |                                               |
| Alabama .....                           | 59,010           | .....                               | 47,081           | 47,081                        | 39,474                 | 1.40                                          |
| Alaska .....                            | 14,327           | .....                               | 10,641           | 10,641                        | 8,549                  | 0.30                                          |
| Arizona .....                           | 30,214           | .....                               | 21,904           | 21,904                        | 17,653                 | 0.63                                          |
| Arkansas .....                          | 34,985           | .....                               | 28,538           | 28,538                        | 24,039                 | 0.85                                          |
| California .....                        | 201,117          | .....                               | 153,259          | 153,259                       | 123,636                | 4.38                                          |
| Colorado .....                          | 62,139           | .....                               | 47,309           | 47,309                        | 38,348                 | 1.36                                          |
| Connecticut .....                       | 98,254           | .....                               | 79,533           | 79,533                        | 65,592                 | 2.33                                          |
| Delaware .....                          | 15,172           | .....                               | 11,957           | 11,957                        | 10,053                 | 0.36                                          |
| District of Columbia .....              | 14,051           | .....                               | 10,687           | 10,687                        | 8,586                  | 0.30                                          |
| Florida .....                           | 107,686          | .....                               | 78,020           | 78,020                        | 62,877                 | 2.23                                          |
| Georgia .....                           | 85,164           | .....                               | 61,703           | 61,703                        | 49,726                 | 1.76                                          |
| Hawaii .....                            | 6,027            | .....                               | 6,107            | 6,107                         | 5,008                  | 0.18                                          |
| Idaho .....                             | 25,736           | .....                               | 19,578           | 19,578                        | 15,728                 | 0.56                                          |
| Illinois .....                          | 238,712          | .....                               | 185,686          | 185,686                       | 148,409                | 5.26                                          |
| Indiana .....                           | 102,743          | .....                               | 80,000           | 80,000                        | 63,277                 | 2.24                                          |
| Iowa .....                              | 68,137           | .....                               | 54,813           | 54,813                        | 44,431                 | 1.58                                          |
| Kansas .....                            | 42,327           | .....                               | 32,119           | 32,119                        | 26,443                 | 0.94                                          |
| Kentucky .....                          | 58,335           | .....                               | 46,424           | 46,424                        | 37,539                 | 1.33                                          |
| Louisiana .....                         | 53,164           | .....                               | 43,422           | 43,422                        | 37,197                 | 1.32                                          |
| Maine .....                             | 51,464           | .....                               | 38,521           | 38,521                        | 31,225                 | 1.11                                          |
| Maryland .....                          | 85,523           | .....                               | 69,791           | 69,791                        | 58,778                 | 2.08                                          |
| Massachusetts .....                     | 175,104          | .....                               | 132,680          | 132,680                       | 105,806                | 3.75                                          |
| Michigan .....                          | 227,108          | .....                               | 172,431          | 172,431                       | 137,254                | 4.87                                          |
| Minnesota .....                         | 145,241          | .....                               | 116,840          | 116,840                       | 94,710                 | 3.36                                          |
| Mississippi .....                       | 38,756           | .....                               | 31,531           | 31,531                        | 26,504                 | 0.94                                          |
| Missouri .....                          | 95,596           | .....                               | 68,232           | 68,232                        | 55,308                 | 1.96                                          |
| Montana .....                           | 25,912           | .....                               | 19,916           | 19,916                        | 16,000                 | 0.57                                          |
| Nebraska .....                          | 39,738           | .....                               | 30,208           | 30,208                        | 24,282                 | 0.86                                          |
| Nevada .....                            | 15,462           | .....                               | 11,203           | 11,203                        | 9,028                  | 0.32                                          |
| New Hampshire .....                     | 34,255           | .....                               | 26,055           | 26,055                        | 20,932                 | 0.74                                          |
| New Jersey .....                        | 180,991          | .....                               | 136,747          | 136,747                       | 111,275                | 3.95                                          |
| New Mexico .....                        | 20,573           | .....                               | 15,715           | 15,715                        | 12,625                 | 0.45                                          |
| New York .....                          | 495,532          | .....                               | 375,514          | 375,514                       | 303,168                | 10.75                                         |
| North Carolina .....                    | 109,284          | .....                               | 81,535           | 81,535                        | 68,746                 | 2.44                                          |
| North Dakota .....                      | 26,574           | .....                               | 20,555           | 20,555                        | 16,513                 | 0.59                                          |
| Ohio .....                              | 225,398          | .....                               | 165,465          | 165,465                       | 132,443                | 4.70                                          |
| Oklahoma .....                          | 43,339           | .....                               | 32,788           | 32,788                        | 27,776                 | 0.98                                          |
| Oregon .....                            | 44,847           | .....                               | 36,013           | 36,013                        | 29,116                 | 1.03                                          |
| Pennsylvania .....                      | 280,478          | .....                               | 209,551          | 209,551                       | 166,027                | 5.89                                          |
| Rhode Island .....                      | 29,701           | .....                               | 23,176           | 23,176                        | 18,710                 | 0.66                                          |
| South Carolina .....                    | 46,909           | .....                               | 36,270           | 36,270                        | 31,338                 | 1.11                                          |
| South Dakota .....                      | 22,878           | .....                               | 17,508           | 17,508                        | 14,065                 | 0.50                                          |
| Tennessee .....                         | 71,595           | .....                               | 55,406           | 55,406                        | 46,087                 | 1.63                                          |
| Texas .....                             | 179,200          | .....                               | 129,833          | 129,833                       | 104,633                | 3.71                                          |
| Utah .....                              | 31,708           | .....                               | 24,101           | 24,101                        | 19,350                 | 0.69                                          |
| Vermont .....                           | 25,675           | .....                               | 19,529           | 19,529                        | 15,689                 | 0.56                                          |
| Virginia .....                          | 102,839          | .....                               | 80,437           | 80,437                        | 67,196                 | 2.38                                          |
| Washington .....                        | 71,774           | .....                               | 57,968           | 57,968                        | 46,987                 | 1.67                                          |
| West Virginia .....                     | 39,047           | .....                               | 29,700           | 29,700                        | 23,860                 | 0.85                                          |
| Wisconsin .....                         | 130,738          | .....                               | 105,173          | 105,173                       | 85,252                 | 3.02                                          |
| Wyoming .....                           | 12,480           | .....                               | 9,502            | 9,502                         | 7,631                  | 0.27                                          |
| American Samoa .....                    | 101              | .....                               | 77               | 77                            | 63                     | *                                             |
| Guam .....                              | 221              | .....                               | 169              | 169                           | 137                    | *                                             |
| Northern Mariana Islands .....          | 77               | .....                               | 59               | 59                            | 48                     | *                                             |
| Puerto Rico .....                       | 5,487            | .....                               | 4,196            | 4,196                         | 3,402                  | 0.12                                          |
| Freely Associated States .....          | .....            | .....                               | .....            | .....                         | .....                  | .....                                         |
| Virgin Islands .....                    | 209              | .....                               | 160              | 160                           | 130                    | *                                             |
| Indian Tribes .....                     | 51,238           | .....                               | 38,429           | 38,429                        | 31,345                 | 1.11                                          |
| Undistributed .....                     | .....            | .....                               | .....            | .....                         | .....                  | .....                                         |
| Training and Technical Assistance ..... | 300              | .....                               | 2,994            | 2,994                         | 3,000                  | 0.11                                          |
| Discretionary Funds .....               | .....            | .....                               | 26,949           | 26,949                        | 27,000                 | 0.96                                          |
| <b>Total .....</b>                      | <b>4,500,652</b> | <b>.....</b>                        | <b>3,471,710</b> | <b><sup>1</sup> 3,471,710</b> | <b>2,820,004</b>       | <b><sup>2</sup> 100.00</b>                    |

\* \$500 or less or 0.005 percent or less.

<sup>1</sup> The 2012 enacted State allocations are subject to change based on tribal agreements, therefore the final State allocation will be included on the HHS/ACF Office of Community Services web site. In addition to 2012 appropriated funding, this column also incdes \$35,933 allocated to States from prior year block grant appropriations.<sup>2</sup> Excludes undistributed obligations.

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**Table 18–20. CHILD CARE AND DEVELOPMENT BLOCK GRANT (93.575)**

(Obligations in thousands of dollars)

| State or Territory                | FY 2011 Actual   | Estimated FY 2012 obligations from: |                  |                  | FY 2013 (estimated) | FY 2013 Percentage of distributed total |
|-----------------------------------|------------------|-------------------------------------|------------------|------------------|---------------------|-----------------------------------------|
|                                   |                  | Previous authority                  | New authority    | Total            |                     |                                         |
| Alabama                           | 41,803           |                                     | 42,842           | 42,842           | 43,128              | 1.66                                    |
| Alaska                            | 4,316            |                                     | 4,533            | 4,533            | 4,563               | 0.18                                    |
| Arizona                           | 57,396           |                                     | 56,867           | 56,867           | 57,247              | 2.20                                    |
| Arkansas                          | 27,615           |                                     | 28,143           | 28,143           | 28,331              | 1.09                                    |
| California                        | 243,237          |                                     | 244,005          | 244,005          | 245,633             | 9.44                                    |
| Colorado                          | 27,524           |                                     | 28,442           | 28,442           | 28,632              | 1.10                                    |
| Connecticut                       | 14,525           |                                     | 14,940           | 14,940           | 15,040              | 0.58                                    |
| Delaware                          | 5,327            |                                     | 5,530            | 5,530            | 5,567               | 0.21                                    |
| District of Columbia              | 2,936            |                                     | 2,962            | 2,962            | 2,982               | 0.11                                    |
| Florida                           | 118,478          |                                     | 121,010          | 121,010          | 121,817             | 4.68                                    |
| Georgia                           | 92,441           |                                     | 92,991           | 92,991           | 93,612              | 3.60                                    |
| Hawaii                            | 6,906            |                                     | 7,683            | 7,683            | 7,734               | 0.30                                    |
| Idaho                             | 13,523           |                                     | 14,245           | 14,245           | 14,340              | 0.55                                    |
| Illinois                          | 79,138           |                                     | 80,079           | 80,079           | 80,613              | 3.10                                    |
| Indiana                           | 50,126           |                                     | 52,761           | 52,761           | 53,114              | 2.04                                    |
| Iowa                              | 19,975           |                                     | 21,098           | 21,098           | 21,238              | 0.82                                    |
| Kansas                            | 20,387           |                                     | 21,640           | 21,640           | 21,784              | 0.84                                    |
| Kentucky                          | 39,059           |                                     | 39,581           | 39,581           | 39,845              | 1.53                                    |
| Louisiana                         | 41,175           |                                     | 42,491           | 42,491           | 42,774              | 1.64                                    |
| Maine                             | 7,348            |                                     | 7,791            | 7,791            | 7,843               | 0.30                                    |
| Maryland                          | 26,461           |                                     | 27,564           | 27,564           | 27,748              | 1.07                                    |
| Massachusetts                     | 26,325           |                                     | 27,066           | 27,066           | 27,247              | 1.05                                    |
| Michigan                          | 67,357           |                                     | 70,025           | 70,025           | 70,492              | 2.71                                    |
| Minnesota                         | 28,889           |                                     | 30,691           | 30,691           | 30,896              | 1.19                                    |
| Mississippi                       | 33,140           |                                     | 33,335           | 33,335           | 33,557              | 1.29                                    |
| Missouri                          | 42,790           |                                     | 44,385           | 44,385           | 44,681              | 1.72                                    |
| Montana                           | 6,342            |                                     | 6,771            | 6,771            | 6,817               | 0.26                                    |
| Nebraska                          | 12,873           |                                     | 13,439           | 13,439           | 13,529              | 0.52                                    |
| Nevada                            | 16,026           |                                     | 16,530           | 16,530           | 16,641              | 0.64                                    |
| New Hampshire                     | 5,178            |                                     | 5,353            | 5,353            | 5,389               | 0.21                                    |
| New Jersey                        | 38,258           |                                     | 40,080           | 40,080           | 40,348              | 1.55                                    |
| New Mexico                        | 19,675           |                                     | 20,077           | 20,077           | 20,211              | 0.78                                    |
| New York                          | 100,442          |                                     | 101,521          | 101,521          | 102,199             | 3.93                                    |
| North Carolina                    | 74,539           |                                     | 76,128           | 76,128           | 76,636              | 2.94                                    |
| North Dakota                      | 3,867            |                                     | 4,156            | 4,156            | 4,184               | 0.16                                    |
| Ohio                              | 76,947           |                                     | 80,389           | 80,389           | 80,925              | 3.11                                    |
| Oklahoma                          | 32,596           |                                     | 33,887           | 33,887           | 34,113              | 1.31                                    |
| Oregon                            | 25,408           |                                     | 26,225           | 26,225           | 26,400              | 1.01                                    |
| Pennsylvania                      | 66,884           |                                     | 69,645           | 69,645           | 70,110              | 2.69                                    |
| Rhode Island                      | 5,502            |                                     | 5,622            | 5,622            | 5,659               | 0.22                                    |
| South Carolina                    | 40,042           |                                     | 41,233           | 41,233           | 41,508              | 1.59                                    |
| South Dakota                      | 5,861            |                                     | 6,221            | 6,221            | 6,263               | 0.24                                    |
| Tennessee                         | 51,396           |                                     | 52,890           | 52,890           | 53,243              | 2.05                                    |
| Texas                             | 239,220          |                                     | 242,999          | 242,999          | 244,621             | 9.40                                    |
| Utah                              | 25,788           |                                     | 27,266           | 27,266           | 27,448              | 1.05                                    |
| Vermont                           | 3,060            |                                     | 3,204            | 3,204            | 3,225               | 0.12                                    |
| Virginia                          | 41,971           |                                     | 43,445           | 43,445           | 43,735              | 1.68                                    |
| Washington                        | 37,286           |                                     | 39,115           | 39,115           | 39,376              | 1.51                                    |
| West Virginia                     | 13,861           |                                     | 14,362           | 14,362           | 14,458              | 0.56                                    |
| Wisconsin                         | 33,862           |                                     | 36,035           | 36,035           | 36,276              | 1.39                                    |
| Wyoming                           | 2,771            |                                     | 2,982            | 2,982            | 3,002               | 0.12                                    |
| American Samoa                    | 2,929            |                                     | 3,002            | 3,002            | 3,022               | 0.12                                    |
| Guam                              | 4,191            |                                     | 4,296            | 4,296            | 4,324               | 0.17                                    |
| Northern Mariana Islands          | 1,858            |                                     | 1,905            | 1,905            | 1,918               | 0.07                                    |
| Puerto Rico                       | 33,763           |                                     | 32,513           | 32,513           | 32,730              | 1.26                                    |
| Freely Associated States          |                  |                                     |                  |                  |                     |                                         |
| Virgin Islands                    | 2,135            |                                     | 2,189            | 2,189            | 2,203               | 0.08                                    |
| Indian Tribes                     | 43,452           |                                     | 44,567           | 44,567           | 44,754              | 1.72                                    |
| Undistributed                     |                  |                                     |                  |                  |                     |                                         |
| Training and Technical Assistance | 5,343            |                                     | 5,671            | 5,671            | 11,467              | 0.44                                    |
| Discretionary Funds               | 1,000            |                                     |                  |                  | 1,000               | 0.04                                    |
| Other                             | 9,882            |                                     | 11,894           | 11,894           | 315,121             | 12.10                                   |
| ARRA Technical Asst               |                  |                                     |                  |                  |                     |                                         |
| <b>Total</b>                      | <b>2,222,405</b> |                                     | <b>2,278,312</b> | <b>2,278,312</b> | <b>2,603,313</b>    | <sup>1</sup> <b>100.00</b>              |

<sup>1</sup> Excludes undistributed obligations.

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Table 18–21. CHILD CARE AND DEVELOPMENT FUND-MANDATORY (93.596A)

(Obligations in thousands of dollars)

| State or Territory                      | FY 2011 Actual   | Estimated FY 2012 obligations from: |                  |                  | FY 2013<br>(estimated) | FY 2013<br>Percentage of<br>distributed total |
|-----------------------------------------|------------------|-------------------------------------|------------------|------------------|------------------------|-----------------------------------------------|
|                                         |                  | Previous<br>authority               | New authority    | Total            |                        |                                               |
| Alabama .....                           | 16,442           | .....                               | 16,442           | 16,442           | 16,442                 | 1.31                                          |
| Alaska .....                            | 3,545            | .....                               | 3,545            | 3,545            | 3,545                  | 0.28                                          |
| Arizona .....                           | 19,827           | .....                               | 19,827           | 19,827           | 19,827                 | 1.58                                          |
| Arkansas .....                          | 5,300            | .....                               | 5,300            | 5,300            | 5,300                  | 0.42                                          |
| California .....                        | 85,593           | .....                               | 85,593           | 85,593           | 85,593                 | 6.84                                          |
| Colorado .....                          | 10,174           | .....                               | 10,174           | 10,174           | 10,174                 | 0.81                                          |
| Connecticut .....                       | 18,738           | .....                               | 18,738           | 18,738           | 18,738                 | 1.50                                          |
| Delaware .....                          | 5,179            | .....                               | 5,179            | 5,179            | 5,179                  | 0.41                                          |
| District of Columbia .....              | 4,567            | .....                               | 4,567            | 4,567            | 4,567                  | 0.36                                          |
| Florida .....                           | 43,027           | .....                               | 43,027           | 43,027           | 43,027                 | 3.44                                          |
| Georgia .....                           | 36,548           | .....                               | 36,548           | 36,548           | 36,548                 | 2.92                                          |
| Hawaii .....                            | 4,972            | .....                               | 4,972            | 4,972            | 4,972                  | 0.40                                          |
| Idaho .....                             | 2,868            | .....                               | 2,868            | 2,868            | 2,868                  | 0.23                                          |
| Illinois .....                          | 56,874           | .....                               | 56,874           | 56,874           | 56,874                 | 4.54                                          |
| Indiana .....                           | 26,182           | .....                               | 26,182           | 26,182           | 26,182                 | 2.09                                          |
| Iowa .....                              | 8,508            | .....                               | 8,508            | 8,508            | 8,508                  | 0.68                                          |
| Kansas .....                            | 9,812            | .....                               | 9,812            | 9,812            | 9,812                  | 0.78                                          |
| Kentucky .....                          | 16,702           | .....                               | 16,702           | 16,702           | 16,702                 | 1.33                                          |
| Louisiana .....                         | 13,865           | .....                               | 13,865           | 13,865           | 13,865                 | 1.11                                          |
| Maine .....                             | 3,019            | .....                               | 3,019            | 3,019            | 3,019                  | 0.24                                          |
| Maryland .....                          | 23,301           | .....                               | 23,301           | 23,301           | 23,301                 | 1.86                                          |
| Massachusetts .....                     | 44,973           | .....                               | 44,973           | 44,973           | 44,973                 | 3.59                                          |
| Michigan .....                          | 32,082           | .....                               | 32,082           | 32,082           | 32,082                 | 2.56                                          |
| Minnesota .....                         | 23,368           | .....                               | 23,368           | 23,368           | 23,368                 | 1.87                                          |
| Mississippi .....                       | 6,293            | .....                               | 6,293            | 6,293            | 6,293                  | 0.50                                          |
| Missouri .....                          | 24,669           | .....                               | 24,669           | 24,669           | 24,669                 | 1.97                                          |
| Montana .....                           | 3,191            | .....                               | 3,191            | 3,191            | 3,191                  | 0.25                                          |
| Nebraska .....                          | 10,595           | .....                               | 10,595           | 10,595           | 10,595                 | 0.85                                          |
| Nevada .....                            | 2,580            | .....                               | 2,580            | 2,580            | 2,580                  | 0.21                                          |
| New Hampshire .....                     | 4,582            | .....                               | 4,582            | 4,582            | 4,582                  | 0.37                                          |
| New Jersey .....                        | 26,374           | .....                               | 26,374           | 26,374           | 26,374                 | 2.11                                          |
| New Mexico .....                        | 8,308            | .....                               | 8,308            | 8,308            | 8,308                  | 0.66                                          |
| New York .....                          | 101,984          | .....                               | 101,984          | 101,984          | 101,984                | 8.15                                          |
| North Carolina .....                    | 69,639           | .....                               | 69,639           | 69,639           | 69,639                 | 5.56                                          |
| North Dakota .....                      | 2,506            | .....                               | 2,506            | 2,506            | 2,506                  | 0.20                                          |
| Ohio .....                              | 70,125           | .....                               | 70,125           | 70,125           | 70,125                 | 5.60                                          |
| Oklahoma .....                          | 24,910           | .....                               | 24,910           | 24,910           | 24,910                 | 1.99                                          |
| Oregon .....                            | 19,409           | .....                               | 19,409           | 19,409           | 19,409                 | 1.55                                          |
| Pennsylvania .....                      | 55,337           | .....                               | 55,337           | 55,337           | 55,337                 | 4.42                                          |
| Rhode Island .....                      | 6,634            | .....                               | 6,634            | 6,634            | 6,634                  | 0.53                                          |
| South Carolina .....                    | 9,867            | .....                               | 9,867            | 9,867            | 9,867                  | 0.79                                          |
| South Dakota .....                      | 1,711            | .....                               | 1,711            | 1,711            | 1,711                  | 0.14                                          |
| Tennessee .....                         | 37,702           | .....                               | 37,702           | 37,702           | 37,702                 | 3.01                                          |
| Texas .....                             | 59,844           | .....                               | 59,844           | 59,844           | 59,844                 | 4.78                                          |
| Utah .....                              | 12,592           | .....                               | 12,592           | 12,592           | 12,592                 | 1.01                                          |
| Vermont .....                           | 3,945            | .....                               | 3,945            | 3,945            | 3,945                  | 0.32                                          |
| Virginia .....                          | 21,329           | .....                               | 21,329           | 21,329           | 21,329                 | 1.70                                          |
| Washington .....                        | 41,883           | .....                               | 41,883           | 41,883           | 41,883                 | 3.35                                          |
| West Virginia .....                     | 8,727            | .....                               | 8,727            | 8,727            | 8,727                  | 0.70                                          |
| Wisconsin .....                         | 24,511           | .....                               | 24,511           | 24,511           | 24,511                 | 1.96                                          |
| Wyoming .....                           | 2,815            | .....                               | 2,815            | 2,815            | 2,815                  | 0.22                                          |
| American Samoa .....                    | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Guam .....                              | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Northern Mariana Islands .....          | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Puerto Rico .....                       | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Freely Associated States .....          | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Virgin Islands .....                    | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Indian Tribes .....                     | 58,340           | .....                               | 58,340           | 58,340           | 68,340                 | 5.46                                          |
| Undistributed .....                     | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Training and Technical Assistance ..... | 3,792            | .....                               | 3,792            | 3,792            | 6,229                  | 0.50                                          |
| <b>Total .....</b>                      | <b>1,239,660</b> | <b>.....</b>                        | <b>1,239,660</b> | <b>1,239,660</b> | <b>1,252,097</b>       | <b><sup>1</sup> 100.00</b>                    |

<sup>1</sup> Excludes undistributed obligations.



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**Table 18--22. CHILD CARE AND DEVELOPMENT FUND-MATCHING (93.596B)**

(Obligations in thousands of dollars)

| State or Territory                | FY 2011 Actual   | Estimated FY 2012 obligations from: |                  |                  | FY 2013 (estimated) | FY 2013 Percentage of distributed total |
|-----------------------------------|------------------|-------------------------------------|------------------|------------------|---------------------|-----------------------------------------|
|                                   |                  | Previous authority                  | New authority    | Total            |                     |                                         |
| Alabama                           | 25,223           |                                     | 25,223           | 25,223           | 32,460              | 1.50                                    |
| Alaska                            | 4,131            |                                     | 4,131            | 4,131            | 5,317               | 0.25                                    |
| Arizona                           | 39,839           |                                     | 39,839           | 39,839           | 51,269              | 2.37                                    |
| Arkansas                          | 16,048           |                                     | 16,048           | 16,048           | 20,652              | 0.95                                    |
| California                        | 211,577          |                                     | 211,577          | 211,577          | 272,277             | 12.58                                   |
| Colorado                          | 28,143           |                                     | 28,143           | 28,143           | 36,217              | 1.67                                    |
| Connecticut                       | 17,637           |                                     | 17,637           | 17,637           | 22,697              | 1.05                                    |
| Delaware                          | 4,643            |                                     | 4,643            | 4,643            | 5,975               | 0.28                                    |
| District of Columbia              | 2,605            |                                     | 2,605            | 2,605            | 3,353               | 0.15                                    |
| Florida                           | 91,041           |                                     | 91,041           | 91,041           | 117,160             | 5.41                                    |
| Georgia                           | 58,916           |                                     | 58,916           | 58,916           | 75,819              | 3.50                                    |
| Hawaii                            | 6,606            |                                     | 6,606            | 6,606            | 8,501               | 0.39                                    |
| Idaho                             | 9,582            |                                     | 9,582            | 9,582            | 12,331              | 0.57                                    |
| Illinois                          | 71,135           |                                     | 71,135           | 71,135           | 91,543              | 4.23                                    |
| Indiana                           | 35,597           |                                     | 35,597           | 35,597           | 45,809              | 2.12                                    |
| Iowa                              | 15,937           |                                     | 15,937           | 15,937           | 20,510              | 0.95                                    |
| Kansas                            | 15,968           |                                     | 15,968           | 15,968           | 20,549              | 0.95                                    |
| Kentucky                          | 22,749           |                                     | 22,749           | 22,749           | 29,275              | 1.35                                    |
| Louisiana                         | 25,259           |                                     | 25,259           | 25,259           | 32,505              | 1.50                                    |
| Maine                             | 5,849            |                                     | 5,849            | 5,849            | 7,527               | 0.35                                    |
| Maryland                          | 30,076           |                                     | 30,076           | 30,076           | 38,704              | 1.79                                    |
| Massachusetts                     | 31,542           |                                     | 31,542           | 31,542           | 40,591              | 1.87                                    |
| Michigan                          | 51,246           |                                     | 51,246           | 51,246           | 65,947              | 3.05                                    |
| Minnesota                         | 28,280           |                                     | 28,280           | 28,280           | 36,393              | 1.68                                    |
| Mississippi                       | 17,273           |                                     | 17,273           | 17,273           | 22,229              | 1.03                                    |
| Missouri                          | 31,907           |                                     | 31,907           | 31,907           | 41,060              | 1.90                                    |
| Montana                           | 4,861            |                                     | 4,861            | 4,861            | 6,255               | 0.29                                    |
| Nebraska                          | 10,258           |                                     | 10,258           | 10,258           | 13,201              | 0.61                                    |
| Nevada                            | 15,609           |                                     | 15,609           | 15,609           | 20,087              | 0.93                                    |
| New Hampshire                     | 6,236            |                                     | 6,236            | 6,236            | 8,026               | 0.37                                    |
| New Jersey                        | 45,397           |                                     | 45,397           | 45,397           | 58,421              | 2.70                                    |
| New Mexico                        | 11,612           |                                     | 11,612           | 11,612           | 14,944              | 0.69                                    |
| New York                          | 97,517           |                                     | 97,517           | 97,517           | 125,494             | 5.80                                    |
| North Carolina                    | 51,912           |                                     | 51,912           | 51,912           | 66,804              | 3.09                                    |
| North Dakota                      | 3,210            |                                     | 3,210            | 3,210            | 4,132               | 0.19                                    |
| Ohio                              | 59,977           |                                     | 59,977           | 59,977           | 77,183              | 3.57                                    |
| Oklahoma                          | 20,928           |                                     | 20,928           | 20,928           | 26,932              | 1.24                                    |
| Oregon                            | 19,563           |                                     | 19,563           | 19,563           | 25,175              | 1.16                                    |
| Pennsylvania                      | 60,584           |                                     | 60,584           | 60,584           | 77,965              | 3.60                                    |
| Rhode Island                      | 4,943            |                                     | 4,943            | 4,943            | 6,361               | 0.29                                    |
| South Carolina                    | 24,304           |                                     | 24,304           | 24,304           | 31,277              | 1.44                                    |
| South Dakota                      | 4,498            |                                     | 4,498            | 4,498            | 5,788               | 0.27                                    |
| Tennessee                         | 33,541           |                                     | 33,541           | 33,541           | 43,164              | 1.99                                    |
| Texas                             | 159,360          |                                     | 159,360          | 159,360          | 205,079             | 9.47                                    |
| Utah                              | 7,500            |                                     | 20,482           | 20,482           | 26,359              | 1.22                                    |
| Vermont                           | 2,698            |                                     | 2,698            | 2,698            | 3,472               | 0.16                                    |
| Virginia                          | 41,691           |                                     | 41,691           | 41,691           | 53,652              | 2.48                                    |
| Washington                        | 35,238           |                                     | 35,238           | 35,238           | 45,347              | 2.09                                    |
| West Virginia                     | 8,566            |                                     | 8,566            | 8,566            | 11,023              | 0.51                                    |
| Wisconsin                         | 29,044           |                                     | 29,044           | 29,044           | 37,377              | 1.73                                    |
| Wyoming                           | 3,003            |                                     | 3,003            | 3,003            | 3,864               | 0.18                                    |
| American Samoa                    |                  |                                     |                  |                  |                     |                                         |
| Guam                              |                  |                                     |                  |                  |                     |                                         |
| Northern Mariana Islands          |                  |                                     |                  |                  |                     |                                         |
| Puerto Rico                       |                  |                                     |                  |                  |                     |                                         |
| Freely Associated States          |                  |                                     |                  |                  |                     |                                         |
| Virgin Islands                    |                  |                                     |                  |                  |                     |                                         |
| Indian Tribes                     |                  |                                     |                  |                  |                     |                                         |
| Undistributed                     |                  |                                     |                  |                  |                     |                                         |
| Training and Technical Assistance | 3,487            |                                     | 3,501            | 3,501            | 10,856              | 0.50                                    |
| <b>Total</b>                      | <b>1,664,346</b> |                                     | <b>1,677,342</b> | <b>1,677,342</b> | <b>2,164,908</b>    | <b>1 100.00</b>                         |

<sup>1</sup> Excludes undistributed obligations.

Department of Health and Human Services, Administration for Children and Families

75-1536-0-1-506

Table 18–23. HEAD START (93.600)

(Obligations in thousands of dollars)

| State or Territory                | FY 2011 Actual   | Estimated FY 2012 obligations from: |                  |                  | FY 2013 (estimated) | FY 2013 Percentage of distributed total |
|-----------------------------------|------------------|-------------------------------------|------------------|------------------|---------------------|-----------------------------------------|
|                                   |                  | Previous authority                  | New authority    | Total            |                     |                                         |
| Alabama                           | 118,539          |                                     | 126,116          | 126,116          | 126,860             | 1.58                                    |
| Alaska                            | 13,700           |                                     | 14,419           | 14,419           | 14,504              | 0.18                                    |
| Arizona                           | 114,920          |                                     | 122,133          | 122,133          | 122,853             | 1.53                                    |
| Arkansas                          | 71,285           |                                     | 75,415           | 75,415           | 75,859              | 0.94                                    |
| California                        | 913,314          |                                     | 961,005          | 961,005          | 966,675             | 12.00                                   |
| Colorado                          | 76,084           |                                     | 81,055           | 81,055           | 81,533              | 1.01                                    |
| Connecticut                       | 56,483           |                                     | 58,942           | 58,942           | 59,290              | 0.74                                    |
| Delaware                          | 14,583           |                                     | 15,390           | 15,390           | 15,481              | 0.19                                    |
| District of Columbia              | 27,048           |                                     | 27,955           | 27,955           | 28,120              | 0.35                                    |
| Florida                           | 294,051          |                                     | 314,304          | 314,304          | 316,157             | 3.93                                    |
| Georgia                           | 187,289          |                                     | 199,226          | 199,226          | 200,401             | 2.49                                    |
| Hawaii                            | 24,751           |                                     | 25,675           | 25,675           | 25,827              | 0.32                                    |
| Idaho                             | 25,538           |                                     | 27,339           | 27,339           | 27,500              | 0.34                                    |
| Illinois                          | 298,559          |                                     | 315,322          | 315,322          | 317,181             | 3.94                                    |
| Indiana                           | 107,841          |                                     | 115,588          | 115,588          | 116,270             | 1.44                                    |
| Iowa                              | 56,555           |                                     | 59,456           | 59,456           | 59,806              | 0.74                                    |
| Kansas                            | 56,494           |                                     | 59,990           | 59,990           | 60,344              | 0.75                                    |
| Kentucky                          | 119,071          |                                     | 125,904          | 125,904          | 126,646             | 1.57                                    |
| Louisiana                         | 160,186          |                                     | 168,513          | 168,513          | 169,507             | 2.10                                    |
| Maine                             | 30,187           |                                     | 31,634           | 31,634           | 31,821              | 0.40                                    |
| Maryland                          | 85,450           |                                     | 89,677           | 89,677           | 90,206              | 1.12                                    |
| Massachusetts                     | 117,951          |                                     | 123,114          | 123,114          | 123,840             | 1.54                                    |
| Michigan                          | 256,330          |                                     | 268,517          | 268,517          | 270,101             | 3.35                                    |
| Minnesota                         | 79,494           |                                     | 84,053           | 84,053           | 84,549              | 1.05                                    |
| Mississippi                       | 174,610          |                                     | 180,887          | 180,887          | 181,954             | 2.26                                    |
| Missouri                          | 131,620          |                                     | 139,406          | 139,406          | 140,228             | 1.74                                    |
| Montana                           | 22,933           |                                     | 24,062           | 24,062           | 24,203              | 0.30                                    |
| Nebraska                          | 39,924           |                                     | 42,322           | 42,322           | 42,571              | 0.53                                    |
| Nevada                            | 27,656           |                                     | 30,055           | 30,055           | 30,232              | 0.38                                    |
| New Hampshire                     | 14,761           |                                     | 15,590           | 15,590           | 15,682              | 0.19                                    |
| New Jersey                        | 142,163          |                                     | 150,054          | 150,054          | 150,939             | 1.87                                    |
| New Mexico                        | 58,583           |                                     | 62,749           | 62,749           | 63,119              | 0.78                                    |
| New York                          | 473,230          |                                     | 495,550          | 495,550          | 498,472             | 6.19                                    |
| North Carolina                    | 159,628          |                                     | 172,280          | 172,280          | 173,297             | 2.15                                    |
| North Dakota                      | 18,999           |                                     | 20,123           | 20,123           | 20,242              | 0.25                                    |
| Ohio                              | 272,267          |                                     | 287,577          | 287,577          | 289,273             | 3.59                                    |
| Oklahoma                          | 91,151           |                                     | 97,976           | 97,976           | 98,554              | 1.22                                    |
| Oregon                            | 66,205           |                                     | 70,528           | 70,528           | 70,943              | 0.88                                    |
| Pennsylvania                      | 250,062          |                                     | 262,632          | 262,632          | 264,181             | 3.28                                    |
| Rhode Island                      | 24,020           |                                     | 25,123           | 25,123           | 25,271              | 0.31                                    |
| South Carolina                    | 92,681           |                                     | 99,523           | 99,523           | 100,110             | 1.24                                    |
| South Dakota                      | 20,634           |                                     | 21,674           | 21,674           | 21,802              | 0.27                                    |
| Tennessee                         | 130,886          |                                     | 137,558          | 137,558          | 138,369             | 1.72                                    |
| Texas                             | 529,792          |                                     | 561,395          | 561,395          | 564,706             | 7.01                                    |
| Utah                              | 42,275           |                                     | 45,256           | 45,256           | 45,523              | 0.57                                    |
| Vermont                           | 14,654           |                                     | 15,191           | 15,191           | 15,281              | 0.19                                    |
| Virginia                          | 109,393          |                                     | 115,652          | 115,652          | 116,334             | 1.44                                    |
| Washington                        | 111,138          |                                     | 117,831          | 117,831          | 118,526             | 1.47                                    |
| West Virginia                     | 55,548           |                                     | 58,385           | 58,385           | 58,730              | 0.73                                    |
| Wisconsin                         | 100,051          |                                     | 105,518          | 105,518          | 106,140             | 1.32                                    |
| Wyoming                           | 13,182           |                                     | 13,481           | 13,481           | 13,560              | 0.17                                    |
| American Samoa                    | 2,256            |                                     | 2,273            | 2,273            | 2,286               | 0.03                                    |
| Guam                              | 2,370            |                                     | 2,488            | 2,488            | 2,503               | 0.03                                    |
| Northern Mariana Islands          | 1,746            |                                     | 1,759            | 1,759            | 1,769               | 0.02                                    |
| Puerto Rico                       | 269,247          |                                     | 278,933          | 278,933          | 280,578             | 3.48                                    |
| Freely Associated States          |                  |                                     |                  |                  |                     |                                         |
| Virgin Islands                    | 8,888            |                                     | 9,454            | 9,454            | 9,510               | 0.12                                    |
| Indian Tribes                     | 214,892          |                                     | 224,601          | 224,601          | 225,925             | 2.81                                    |
| Undistributed                     |                  |                                     |                  |                  |                     |                                         |
| Palau                             | 1,399            |                                     | 1,409            | 1,409            | 1,418               | 0.02                                    |
| Training and Technical Assistance | 184,686          |                                     | 199,214          | 199,214          | 199,214             | 2.47                                    |
| Discretionary Funds               |                  |                                     |                  |                  | <sup>1</sup> 40,000 | 0.50                                    |
| Other                             | 61,846           |                                     | 61,883           | 61,883           | 61,833              | 0.77                                    |
| Migrant Program                   | 317,889          |                                     | 327,410          | 327,410          | 329,341             | 4.09                                    |
| <b>Total</b>                      | <b>7,558,968</b> |                                     | <b>7,968,544</b> | <b>7,968,544</b> | <b>8,054,000</b>    | <sup>2</sup> <b>100.00</b>              |

\* \$500 or less or 0.005 percent or less.

<sup>1</sup> These funds are requested in FY 2013 to minimize the disruptions in Head Start services to families and children during the implementation of the Designation Renewal System. Funds will be awarded to grantees on an as-needed basis during the two-year transition period.<sup>2</sup> Excludes undistributed obligations.

Department of Health and Human Services, Administration for Children and Families

75-1545-0-1-609

**Table 18–24. FOSTER CARE-TITLE IV-E (93.658)**

(Obligations in thousands of dollars)

| State or Territory                | FY 2011 Actual   | Estimated FY 2012 obligations from: |                  |                  | FY 2013 (estimated) | FY 2013 Percentage of distributed total |
|-----------------------------------|------------------|-------------------------------------|------------------|------------------|---------------------|-----------------------------------------|
|                                   |                  | Previous authority                  | New authority    | Total            |                     |                                         |
| Alabama                           | 35,959           |                                     | 33,753           | 33,753           | 33,919              | 0.82                                    |
| Alaska                            | 15,518           |                                     | 14,566           | 14,566           | 14,637              | 0.35                                    |
| Arizona                           | 73,737           |                                     | 69,214           | 69,214           | 69,553              | 1.68                                    |
| Arkansas                          | 40,021           |                                     | 37,566           | 37,566           | 37,750              | 0.91                                    |
| California                        | 1,180,958        |                                     | 1,108,520        | 1,108,520        | 1,113,949           | 26.87                                   |
| Colorado                          | 57,845           |                                     | 54,297           | 54,297           | 54,563              | 1.32                                    |
| Connecticut                       | 56,921           |                                     | 53,430           | 53,430           | 53,691              | 1.30                                    |
| Delaware                          | 4,560            |                                     | 4,280            | 4,280            | 4,301               | 0.10                                    |
| District of Columbia              | 31,703           |                                     | 29,758           | 29,758           | 29,904              | 0.72                                    |
| Florida                           | 166,184          |                                     | 155,991          | 155,991          | 156,754             | 3.78                                    |
| Georgia                           | 82,780           |                                     | 77,702           | 77,702           | 78,083              | 1.88                                    |
| Hawaii                            | 23,574           |                                     | 22,128           | 22,128           | 22,236              | 0.54                                    |
| Idaho                             | 10,770           |                                     | 10,109           | 10,109           | 10,159              | 0.25                                    |
| Illinois                          | 188,412          |                                     | 176,855          | 176,855          | 177,721             | 4.29                                    |
| Indiana                           | 108,135          |                                     | 101,502          | 101,502          | 101,999             | 2.46                                    |
| Iowa                              | 23,861           |                                     | 22,397           | 22,397           | 22,507              | 0.54                                    |
| Kansas                            | 24,992           |                                     | 23,459           | 23,459           | 23,574              | 0.57                                    |
| Kentucky                          | 38,225           |                                     | 35,880           | 35,880           | 36,056              | 0.87                                    |
| Louisiana                         | 43,522           |                                     | 40,852           | 40,852           | 41,052              | 0.99                                    |
| Maine                             | 18,593           |                                     | 17,453           | 17,453           | 17,538              | 0.42                                    |
| Maryland                          | 63,350           |                                     | 59,464           | 59,464           | 59,755              | 1.44                                    |
| Massachusetts                     | 60,840           |                                     | 57,108           | 57,108           | 57,388              | 1.38                                    |
| Michigan                          | 95,756           |                                     | 89,882           | 89,882           | 90,323              | 2.18                                    |
| Minnesota                         | 41,482           |                                     | 38,938           | 38,938           | 39,128              | 0.94                                    |
| Mississippi                       | 15,740           |                                     | 14,775           | 14,775           | 14,847              | 0.36                                    |
| Missouri                          | 45,492           |                                     | 42,702           | 42,702           | 42,911              | 1.03                                    |
| Montana                           | 12,453           |                                     | 11,689           | 11,689           | 11,746              | 0.28                                    |
| Nebraska                          | 17,194           |                                     | 16,139           | 16,139           | 16,218              | 0.39                                    |
| Nevada                            | 35,126           |                                     | 32,971           | 32,971           | 33,133              | 0.80                                    |
| New Hampshire                     | 17,478           |                                     | 16,406           | 16,406           | 16,486              | 0.40                                    |
| New Jersey                        | 89,389           |                                     | 83,906           | 83,906           | 84,317              | 2.03                                    |
| New Mexico                        | 25,170           |                                     | 23,626           | 23,626           | 23,742              | 0.57                                    |
| New York                          | 390,692          |                                     | 366,728          | 366,728          | 368,524             | 8.89                                    |
| North Carolina                    | 76,271           |                                     | 71,593           | 71,593           | 71,943              | 1.74                                    |
| North Dakota                      | 9,898            |                                     | 9,291            | 9,291            | 9,336               | 0.23                                    |
| Ohio                              | 175,867          |                                     | 165,080          | 165,080          | 165,888             | 4.00                                    |
| Oklahoma                          | 32,804           |                                     | 30,792           | 30,792           | 30,943              | 0.75                                    |
| Oregon                            | 90,742           |                                     | 85,176           | 85,176           | 85,593              | 2.06                                    |
| Pennsylvania                      | 224,948          |                                     | 211,150          | 211,150          | 212,184             | 5.12                                    |
| Rhode Island                      | 13,325           |                                     | 12,508           | 12,508           | 12,569              | 0.30                                    |
| South Carolina                    | 26,251           |                                     | 24,641           | 24,641           | 24,761              | 0.60                                    |
| South Dakota                      | 6,272            |                                     | 5,887            | 5,887            | 5,916               | 0.14                                    |
| Tennessee                         | 47,788           |                                     | 44,857           | 44,857           | 45,076              | 1.09                                    |
| Texas                             | 246,853          |                                     | 231,711          | 231,711          | 232,846             | 5.62                                    |
| Utah                              | 22,917           |                                     | 21,511           | 21,511           | 21,617              | 0.52                                    |
| Vermont                           | 9,484            |                                     | 8,902            | 8,902            | 8,946               | 0.22                                    |
| Virginia                          | 55,346           |                                     | 51,951           | 51,951           | 52,206              | 1.26                                    |
| Washington                        | 85,102           |                                     | 79,882           | 79,882           | 80,273              | 1.94                                    |
| West Virginia                     | 26,942           |                                     | 25,289           | 25,289           | 25,413              | 0.61                                    |
| Wisconsin                         | 61,326           |                                     | 57,564           | 57,564           | 57,846              | 1.40                                    |
| Wyoming                           | 2,307            |                                     | 2,165            | 2,165            | 2,176               | 0.05                                    |
| American Samoa                    |                  |                                     |                  |                  |                     |                                         |
| Guam                              |                  |                                     |                  |                  |                     |                                         |
| Northern Mariana Islands          |                  |                                     |                  |                  |                     |                                         |
| Puerto Rico                       |                  |                                     |                  |                  |                     |                                         |
| Freely Associated States          |                  |                                     |                  |                  |                     |                                         |
| Virgin Islands                    |                  |                                     |                  |                  |                     |                                         |
| Indian Tribes                     |                  |                                     |                  |                  | 16,000              | 0.39                                    |
| Undistributed                     |                  |                                     |                  |                  |                     |                                         |
| Training and Technical Assistance | 23,776           |                                     | 26,000           | 26,000           | 26,000              | 0.63                                    |
| Other                             | 84,712           |                                     |                  |                  |                     |                                         |
| <b>Total</b>                      | <b>4,459,363</b> |                                     | <b>4,109,996</b> | <b>4,109,996</b> | <b>4,145,996</b>    | <b>1 100.00</b>                         |

<sup>1</sup> Excludes undistributed obligations.

Department of Health and Human Services, Administration for Children and Families

75-1545-0-1-609

Table 18–25. ADOPTION ASSISTANCE (93.659)

(Obligations in thousands of dollars)

| State or Territory             | FY 2011 Actual   | Estimated FY 2012 obligations from: |                  |                  | FY 2013<br>(estimated) | FY 2013<br>Percentage of<br>distributed total |
|--------------------------------|------------------|-------------------------------------|------------------|------------------|------------------------|-----------------------------------------------|
|                                |                  | Previous<br>authority               | New authority    | Total            |                        |                                               |
| Alabama .....                  | 12,508           | .....                               | 13,333           | 13,333           | 14,007                 | 0.55                                          |
| Alaska .....                   | 10,906           | .....                               | 11,626           | 11,626           | 12,213                 | 0.48                                          |
| Arizona .....                  | 79,535           | .....                               | 84,783           | 84,783           | 89,066                 | 3.51                                          |
| Arkansas .....                 | 14,756           | .....                               | 15,730           | 15,730           | 16,524                 | 0.65                                          |
| California .....               | 413,508          | .....                               | 440,791          | 440,791          | 463,059                | 18.25                                         |
| Colorado .....                 | 19,455           | .....                               | 20,739           | 20,739           | 21,786                 | 0.86                                          |
| Connecticut .....              | 34,208           | .....                               | 36,465           | 36,465           | 38,307                 | 1.51                                          |
| Delaware .....                 | 1,771            | .....                               | 1,888            | 1,888            | 1,983                  | 0.08                                          |
| District of Columbia .....     | 20,448           | .....                               | 21,797           | 21,797           | 22,899                 | 0.90                                          |
| Florida .....                  | 87,222           | .....                               | 92,977           | 92,977           | 97,674                 | 3.85                                          |
| Georgia .....                  | 37,188           | .....                               | 39,642           | 39,642           | 41,645                 | 1.64                                          |
| Hawaii .....                   | 13,754           | .....                               | 14,661           | 14,661           | 15,402                 | 0.61                                          |
| Idaho .....                    | 6,258            | .....                               | 6,671            | 6,671            | 7,008                  | 0.28                                          |
| Illinois .....                 | 93,552           | .....                               | 99,725           | 99,725           | 104,762                | 4.13                                          |
| Indiana .....                  | 63,607           | .....                               | 67,804           | 67,804           | 71,229                 | 2.81                                          |
| Iowa .....                     | 33,616           | .....                               | 35,834           | 35,834           | 37,644                 | 1.48                                          |
| Kansas .....                   | 15,194           | .....                               | 16,196           | 16,196           | 17,015                 | 0.67                                          |
| Kentucky .....                 | 42,868           | .....                               | 45,696           | 45,696           | 48,005                 | 1.89                                          |
| Louisiana .....                | 17,049           | .....                               | 18,174           | 18,174           | 19,092                 | 0.75                                          |
| Maine .....                    | 12,513           | .....                               | 13,339           | 13,339           | 14,012                 | 0.55                                          |
| Maryland .....                 | 25,154           | .....                               | 26,814           | 26,814           | 28,168                 | 1.11                                          |
| Massachusetts .....            | 34,569           | .....                               | 36,850           | 36,850           | 38,711                 | 1.53                                          |
| Michigan .....                 | 114,023          | .....                               | 121,546          | 121,546          | 127,687                | 5.03                                          |
| Minnesota .....                | 29,742           | .....                               | 31,704           | 31,704           | 33,306                 | 1.31                                          |
| Mississippi .....              | 6,523            | .....                               | 6,953            | 6,953            | 7,305                  | 0.29                                          |
| Missouri .....                 | 31,219           | .....                               | 33,279           | 33,279           | 34,960                 | 1.38                                          |
| Montana .....                  | 6,839            | .....                               | 7,290            | 7,290            | 7,659                  | 0.30                                          |
| Nebraska .....                 | 10,627           | .....                               | 11,328           | 11,328           | 11,900                 | 0.47                                          |
| Nevada .....                   | 15,181           | .....                               | 16,183           | 16,183           | 17,000                 | 0.67                                          |
| New Hampshire .....            | 5,321            | .....                               | 5,672            | 5,672            | 5,959                  | 0.23                                          |
| New Jersey .....               | 49,721           | .....                               | 53,002           | 53,002           | 55,679                 | 2.19                                          |
| New Mexico .....               | 16,920           | .....                               | 18,036           | 18,036           | 18,948                 | 0.75                                          |
| New York .....                 | 197,537          | .....                               | 210,570          | 210,570          | 221,207                | 8.72                                          |
| North Carolina .....           | 51,019           | .....                               | 54,385           | 54,385           | 57,133                 | 2.25                                          |
| North Dakota .....             | 4,987            | .....                               | 5,316            | 5,316            | 5,584                  | 0.22                                          |
| Ohio .....                     | 152,039          | .....                               | 162,071          | 162,071          | 170,258                | 6.71                                          |
| Oklahoma .....                 | 30,458           | .....                               | 32,468           | 32,468           | 34,107                 | 1.34                                          |
| Oregon .....                   | 37,104           | .....                               | 39,552           | 39,552           | 41,550                 | 1.64                                          |
| Pennsylvania .....             | 95,504           | .....                               | 101,805          | 101,805          | 106,948                | 4.22                                          |
| Rhode Island .....             | 8,118            | .....                               | 8,654            | 8,654            | 9,091                  | 0.36                                          |
| South Carolina .....           | 13,967           | .....                               | 14,889           | 14,889           | 15,640                 | 0.62                                          |
| South Dakota .....             | 3,705            | .....                               | 3,949            | 3,949            | 4,149                  | 0.16                                          |
| Tennessee .....                | 38,771           | .....                               | 41,329           | 41,329           | 43,417                 | 1.71                                          |
| Texas .....                    | 90,549           | .....                               | 96,523           | 96,523           | 101,400                | 4.00                                          |
| Utah .....                     | 7,511            | .....                               | 8,007            | 8,007            | 8,411                  | 0.33                                          |
| Vermont .....                  | 8,032            | .....                               | 8,562            | 8,562            | 8,995                  | 0.35                                          |
| Virginia .....                 | 26,418           | .....                               | 28,161           | 28,161           | 29,584                 | 1.17                                          |
| Washington .....               | 53,832           | .....                               | 57,384           | 57,384           | 60,283                 | 2.38                                          |
| West Virginia .....            | 18,353           | .....                               | 19,564           | 19,564           | 20,552                 | 0.81                                          |
| Wisconsin .....                | 50,972           | .....                               | 54,335           | 54,335           | 57,080                 | 2.25                                          |
| Wyoming .....                  | 890              | .....                               | 949              | 949              | 997                    | 0.04                                          |
| American Samoa .....           | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Guam .....                     | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Northern Mariana Islands ..... | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Puerto Rico .....              | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Freely Associated States ..... | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Virgin Islands .....           | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Indian Tribes .....            | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Undistributed .....            | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Other .....                    | 96,476           | .....                               | .....            | .....            | .....                  | .....                                         |
| <b>Total .....</b>             | <b>2,361,997</b> | <b>.....</b>                        | <b>2,415,001</b> | <b>2,415,001</b> | <b>2,537,000</b>       | <b><sup>1</sup> 100.00</b>                    |

<sup>1</sup> Excludes undistributed obligations.

Department of Health and Human Services, Administration for Children and Families

75.1534-0-1-506

**Table 18–26. SOCIAL SERVICES BLOCK GRANT (93.667)**

(Obligations in thousands of dollars)

| State or Territory                | FY 2011 Actual   | Estimated FY 2012 obligations from: |                  |                  | FY 2013 (estimated) | FY 2013 Percentage of distributed total |
|-----------------------------------|------------------|-------------------------------------|------------------|------------------|---------------------|-----------------------------------------|
|                                   |                  | Previous authority                  | New authority    | Total            |                     |                                         |
| Alabama                           | 25,928           |                                     | 26,171           | 26,171           | 26,171              | 1.54                                    |
| Alaska                            | 3,846            |                                     | 3,889            | 3,889            | 3,889               | 0.23                                    |
| Arizona                           | 36,319           |                                     | 34,999           | 34,999           | 34,999              | 2.06                                    |
| Arkansas                          | 15,911           |                                     | 15,966           | 15,966           | 15,966              | 0.94                                    |
| California                        | 203,527          |                                     | 203,980          | 203,980          | 203,980             | 12.00                                   |
| Colorado                          | 27,668           |                                     | 27,537           | 27,537           | 27,537              | 1.62                                    |
| Connecticut                       | 19,373           |                                     | 19,570           | 19,570           | 19,570              | 1.15                                    |
| Delaware                          | 4,874            |                                     | 4,917            | 4,917            | 4,917               | 0.29                                    |
| District of Columbia              | 3,302            |                                     | 3,295            | 3,295            | 3,295               | 0.19                                    |
| Florida                           | 102,078          |                                     | 102,944          | 102,944          | 102,944             | 6.06                                    |
| Georgia                           | 54,124           |                                     | 53,044           | 53,044           | 53,044              | 3.12                                    |
| Hawaii                            | 7,132            |                                     | 7,448            | 7,448            | 7,448               | 0.44                                    |
| Idaho                             | 8,512            |                                     | 8,583            | 8,583            | 8,583               | 0.50                                    |
| Illinois                          | 71,090           |                                     | 70,253           | 70,253           | 70,253              | 4.13                                    |
| Indiana                           | 35,368           |                                     | 35,501           | 35,501           | 35,501              | 2.09                                    |
| Iowa                              | 16,563           |                                     | 16,680           | 16,680           | 16,680              | 0.98                                    |
| Kansas                            | 15,521           |                                     | 15,622           | 15,622           | 15,622              | 0.92                                    |
| Kentucky                          | 23,755           |                                     | 23,760           | 23,760           | 23,760              | 1.40                                    |
| Louisiana                         | 24,735           |                                     | 24,822           | 24,822           | 24,822              | 1.46                                    |
| Maine                             | 7,259            |                                     | 7,273            | 7,273            | 7,273               | 0.43                                    |
| Maryland                          | 31,384           |                                     | 31,612           | 31,612           | 31,612              | 1.86                                    |
| Massachusetts                     | 36,307           |                                     | 35,851           | 35,851           | 35,851              | 2.11                                    |
| Michigan                          | 54,898           |                                     | 54,117           | 54,117           | 54,117              | 3.18                                    |
| Minnesota                         | 28,998           |                                     | 29,041           | 29,041           | 29,041              | 1.71                                    |
| Mississippi                       | 16,255           |                                     | 16,247           | 16,247           | 16,247              | 0.96                                    |
| Missouri                          | 32,970           |                                     | 32,792           | 32,792           | 32,792              | 1.93                                    |
| Montana                           | 5,369            |                                     | 5,417            | 5,417            | 5,417               | 0.32                                    |
| Nebraska                          | 9,893            |                                     | 10,000           | 10,000           | 10,000              | 0.59                                    |
| Nevada                            | 14,554           |                                     | 14,787           | 14,787           | 14,787              | 0.87                                    |
| New Hampshire                     | 7,294            |                                     | 7,208            | 7,208            | 7,208               | 0.42                                    |
| New Jersey                        | 47,949           |                                     | 48,139           | 48,139           | 48,139              | 2.83                                    |
| New Mexico                        | 11,066           |                                     | 11,275           | 11,275           | 11,275              | 0.66                                    |
| New York                          | 107,604          |                                     | 106,103          | 106,103          | 106,103             | 6.24                                    |
| North Carolina                    | 51,655           |                                     | 52,210           | 52,210           | 52,210              | 3.07                                    |
| North Dakota                      | 3,562            |                                     | 3,683            | 3,683            | 3,683               | 0.22                                    |
| Ohio                              | 63,559           |                                     | 63,167           | 63,167           | 63,167              | 3.72                                    |
| Oklahoma                          | 20,303           |                                     | 20,540           | 20,540           | 20,540              | 1.21                                    |
| Oregon                            | 21,066           |                                     | 20,977           | 20,977           | 20,977              | 1.23                                    |
| Pennsylvania                      | 69,407           |                                     | 69,550           | 69,550           | 69,550              | 4.09                                    |
| Rhode Island                      | 5,799            |                                     | 5,763            | 5,763            | 5,763               | 0.34                                    |
| South Carolina                    | 25,116           |                                     | 25,326           | 25,326           | 25,326              | 1.49                                    |
| South Dakota                      | 4,473            |                                     | 4,458            | 4,458            | 4,458               | 0.26                                    |
| Tennessee                         | 34,670           |                                     | 34,747           | 34,747           | 34,747              | 2.04                                    |
| Texas                             | 136,462          |                                     | 137,682          | 137,682          | 137,682             | 8.10                                    |
| Utah                              | 15,333           |                                     | 15,133           | 15,133           | 15,133              | 0.89                                    |
| Vermont                           | 3,424            |                                     | 3,426            | 3,426            | 3,426               | 0.20                                    |
| Virginia                          | 43,405           |                                     | 43,809           | 43,809           | 43,809              | 2.58                                    |
| Washington                        | 36,696           |                                     | 36,819           | 36,819           | 36,819              | 2.17                                    |
| West Virginia                     | 10,020           |                                     | 10,146           | 10,146           | 10,146              | 0.60                                    |
| Wisconsin                         | 31,138           |                                     | 31,138           | 31,138           | 31,138              | 1.83                                    |
| Wyoming                           | 2,997            |                                     | 3,086            | 3,086            | 3,086               | 0.18                                    |
| American Samoa                    | 49               |                                     | 60               | 60               | 60                  | *                                       |
| Guam                              | 293              |                                     | 293              | 293              | 293                 | 0.02                                    |
| Northern Mariana Islands          |                  |                                     |                  |                  |                     |                                         |
| Puerto Rico                       | 8,793            |                                     | 8,793            | 8,793            | 8,793               | 0.52                                    |
| Freely Associated States          |                  |                                     |                  |                  |                     |                                         |
| Virgin Islands                    | 293              |                                     | 293              | 293              | 293                 | 0.02                                    |
| Indian Tribes                     |                  |                                     |                  |                  |                     |                                         |
| Undistributed                     |                  |                                     |                  |                  |                     |                                         |
| Training and Technical Assistance |                  |                                     |                  |                  |                     |                                         |
| Discretionary Funds               |                  |                                     |                  |                  |                     |                                         |
| Other                             |                  |                                     |                  |                  |                     |                                         |
| <b>Total</b>                      | <b>1,699,939</b> |                                     | <b>1,699,942</b> | <b>1,699,942</b> | <b>1,699,942</b>    | <b>1 100.00</b>                         |

\* \$500 or less or 0.005 percent or less.

<sup>1</sup> Excludes undistributed obligations.

Department of Health and Human Services, HIV/AIDS Bureau

75-0350-0-1-550

**Table 18–27. RYAN WHITE HIV/AIDS TREATMENT MODERNIZATION ACT-PART B HIV CARE GRANTS (93.917)**

(Obligations in thousands of dollars)

| State or Territory             | FY 2011 Actual   | Estimated FY 2012 obligations from: |                        |                  | FY 2013<br>(estimated) | FY 2013<br>Percentage of<br>distributed total |
|--------------------------------|------------------|-------------------------------------|------------------------|------------------|------------------------|-----------------------------------------------|
|                                |                  | Previous<br>authority               | New authority          | Total            |                        |                                               |
| Alabama .....                  | 20,042           | .....                               | .....                  | .....            | .....                  | .....                                         |
| Alaska .....                   | 1,140            | .....                               | .....                  | .....            | .....                  | .....                                         |
| Arizona .....                  | 16,132           | .....                               | .....                  | .....            | .....                  | .....                                         |
| Arkansas .....                 | 8,373            | .....                               | .....                  | .....            | .....                  | .....                                         |
| California .....               | 152,328          | .....                               | .....                  | .....            | .....                  | .....                                         |
| Colorado .....                 | 14,593           | .....                               | .....                  | .....            | .....                  | .....                                         |
| Connecticut .....              | 14,719           | .....                               | .....                  | .....            | .....                  | .....                                         |
| Delaware .....                 | 5,795            | .....                               | .....                  | .....            | .....                  | .....                                         |
| District of Columbia .....     | 21,409           | .....                               | .....                  | .....            | .....                  | .....                                         |
| Florida .....                  | 134,348          | .....                               | .....                  | .....            | .....                  | .....                                         |
| Georgia .....                  | 48,714           | .....                               | .....                  | .....            | .....                  | .....                                         |
| Hawaii .....                   | 3,828            | .....                               | .....                  | .....            | .....                  | .....                                         |
| Idaho .....                    | 1,791            | .....                               | .....                  | .....            | .....                  | .....                                         |
| Illinois .....                 | 42,807           | .....                               | .....                  | .....            | .....                  | .....                                         |
| Indiana .....                  | 11,899           | .....                               | .....                  | .....            | .....                  | .....                                         |
| Iowa .....                     | 3,662            | .....                               | .....                  | .....            | .....                  | .....                                         |
| Kansas .....                   | 3,684            | .....                               | .....                  | .....            | .....                  | .....                                         |
| Kentucky .....                 | 10,395           | .....                               | .....                  | .....            | .....                  | .....                                         |
| Louisiana .....                | 26,388           | .....                               | .....                  | .....            | .....                  | .....                                         |
| Maine .....                    | 1,734            | .....                               | .....                  | .....            | .....                  | .....                                         |
| Maryland .....                 | 40,426           | .....                               | .....                  | .....            | .....                  | .....                                         |
| Massachusetts .....            | 20,457           | .....                               | .....                  | .....            | .....                  | .....                                         |
| Michigan .....                 | 17,985           | .....                               | .....                  | .....            | .....                  | .....                                         |
| Minnesota .....                | 7,784            | .....                               | .....                  | .....            | .....                  | .....                                         |
| Mississippi .....              | 13,107           | .....                               | .....                  | .....            | .....                  | .....                                         |
| Missouri .....                 | 14,592           | .....                               | .....                  | .....            | .....                  | .....                                         |
| Montana .....                  | 1,208            | .....                               | .....                  | .....            | .....                  | .....                                         |
| Nebraska .....                 | 2,728            | .....                               | .....                  | .....            | .....                  | .....                                         |
| Nevada .....                   | 8,519            | .....                               | .....                  | .....            | .....                  | .....                                         |
| New Hampshire .....            | 1,508            | .....                               | .....                  | .....            | .....                  | .....                                         |
| New Jersey .....               | 47,751           | .....                               | .....                  | .....            | .....                  | .....                                         |
| New Mexico .....               | 4,020            | .....                               | .....                  | .....            | .....                  | .....                                         |
| New York .....                 | 163,839          | .....                               | .....                  | .....            | .....                  | .....                                         |
| North Carolina .....           | 38,229           | .....                               | .....                  | .....            | .....                  | .....                                         |
| North Dakota .....             | 454              | .....                               | .....                  | .....            | .....                  | .....                                         |
| Ohio .....                     | 26,295           | .....                               | .....                  | .....            | .....                  | .....                                         |
| Oklahoma .....                 | 8,432            | .....                               | .....                  | .....            | .....                  | .....                                         |
| Oregon .....                   | 7,042            | .....                               | .....                  | .....            | .....                  | .....                                         |
| Pennsylvania .....             | 43,068           | .....                               | .....                  | .....            | .....                  | .....                                         |
| Rhode Island .....             | 4,417            | .....                               | .....                  | .....            | .....                  | .....                                         |
| South Carolina .....           | 28,973           | .....                               | .....                  | .....            | .....                  | .....                                         |
| South Dakota .....             | 884              | .....                               | .....                  | .....            | .....                  | .....                                         |
| Tennessee .....                | 21,567           | .....                               | .....                  | .....            | .....                  | .....                                         |
| Texas .....                    | 86,643           | .....                               | .....                  | .....            | .....                  | .....                                         |
| Utah .....                     | 4,733            | .....                               | .....                  | .....            | .....                  | .....                                         |
| Vermont .....                  | 894              | .....                               | .....                  | .....            | .....                  | .....                                         |
| Virginia .....                 | 31,001           | .....                               | .....                  | .....            | .....                  | .....                                         |
| Washington .....               | 14,678           | .....                               | .....                  | .....            | .....                  | .....                                         |
| West Virginia .....            | 2,536            | .....                               | .....                  | .....            | .....                  | .....                                         |
| Wisconsin .....                | 9,146            | .....                               | .....                  | .....            | .....                  | .....                                         |
| Wyoming .....                  | 871              | .....                               | .....                  | .....            | .....                  | .....                                         |
| American Samoa .....           | 47               | .....                               | .....                  | .....            | .....                  | .....                                         |
| Guam .....                     | 287              | .....                               | .....                  | .....            | .....                  | .....                                         |
| Northern Mariana Islands ..... | 52               | .....                               | .....                  | .....            | .....                  | .....                                         |
| Puerto Rico .....              | 33,845           | .....                               | .....                  | .....            | .....                  | .....                                         |
| Freely Associated States ..... | 53               | .....                               | .....                  | .....            | .....                  | .....                                         |
| Virgin Islands .....           | 1,334            | .....                               | .....                  | .....            | .....                  | .....                                         |
| Indian Tribes .....            | .....            | .....                               | .....                  | .....            | .....                  | .....                                         |
| Undistributed .....            | .....            | .....                               | <sup>1</sup> 1,298,703 | 1,298,703        | <sup>2</sup> 1,362,603 | .....                                         |
| Marshall Islands .....         | 25               | .....                               | .....                  | .....            | .....                  | .....                                         |
| Republic of Palau .....        | 50               | .....                               | .....                  | .....            | .....                  | .....                                         |
| <b>Total .....</b>             | <b>1,253,261</b> | <b>.....</b>                        | <b>1,298,703</b>       | <b>1,298,703</b> | <b>1,362,603</b>       | <sup>3</sup> <b>100.00</b>                    |

<sup>1</sup> FY 2012 data for each state is not available.<sup>2</sup> FY 2013 data for each state is not available.<sup>3</sup> Excludes undistributed obligations.

Department of Housing and Urban Development, Public and Indian Housing Programs

86-0163-0-1-604

**Table 18–28. PUBLIC HOUSING OPERATING FUND (14.850)**

(Obligations in thousands of dollars)

| State or Territory             | FY 2011 Actual   | Estimated FY 2012 obligations from: |                  |                  | FY 2013<br>(estimated) | FY 2013<br>Percentage of<br>distributed total |
|--------------------------------|------------------|-------------------------------------|------------------|------------------|------------------------|-----------------------------------------------|
|                                |                  | Previous<br>authority               | New authority    | Total            |                        |                                               |
| Alabama .....                  | 148,173          | .....                               | 126,973          | 126,973          | 145,725                | 3.22                                          |
| Alaska .....                   | 11,242           | .....                               | 9,634            | 9,634            | 11,057                 | 0.24                                          |
| Arizona .....                  | 23,438           | .....                               | 20,084           | 20,084           | 23,050                 | 0.51                                          |
| Arkansas .....                 | 36,537           | .....                               | 31,310           | 31,310           | 35,934                 | 0.79                                          |
| California .....               | 139,774          | .....                               | 119,775          | 119,775          | 137,464                | 3.04                                          |
| Colorado .....                 | 30,528           | .....                               | 26,160           | 26,160           | 30,023                 | 0.66                                          |
| Connecticut .....              | 69,047           | .....                               | 59,167           | 59,167           | 67,906                 | 1.50                                          |
| Delaware .....                 | 12,859           | .....                               | 11,019           | 11,019           | 12,646                 | 0.28                                          |
| District of Columbia .....     | 49,983           | .....                               | 42,831           | 42,831           | 49,157                 | 1.09                                          |
| Florida .....                  | 135,100          | .....                               | 115,770          | 115,770          | 132,868                | 2.94                                          |
| Georgia .....                  | 149,144          | .....                               | 127,805          | 127,805          | 146,680                | 3.24                                          |
| Hawaii .....                   | 23,067           | .....                               | 19,767           | 19,767           | 22,686                 | 0.50                                          |
| Idaho .....                    | 1,468            | .....                               | 1,258            | 1,258            | 1,444                  | 0.03                                          |
| Illinois .....                 | 274,975          | .....                               | 235,631          | 235,631          | 270,430                | 5.98                                          |
| Indiana .....                  | 47,817           | .....                               | 40,975           | 40,975           | 47,027                 | 1.04                                          |
| Iowa .....                     | 6,439            | .....                               | 5,518            | 5,518            | 6,333                  | 0.14                                          |
| Kansas .....                   | 20,264           | .....                               | 17,365           | 17,365           | 19,929                 | 0.44                                          |
| Kentucky .....                 | 63,405           | .....                               | 54,332           | 54,332           | 62,356                 | 1.38                                          |
| Louisiana .....                | 66,470           | .....                               | 56,960           | 56,960           | 65,372                 | 1.45                                          |
| Maine .....                    | 14,050           | .....                               | 12,039           | 12,039           | 13,817                 | 0.31                                          |
| Maryland .....                 | 111,343          | .....                               | 95,412           | 95,412           | 109,503                | 2.42                                          |
| Massachusetts .....            | 153,951          | .....                               | 131,924          | 131,924          | 151,407                | 3.35                                          |
| Michigan .....                 | 66,444           | .....                               | 56,937           | 56,937           | 65,346                 | 1.44                                          |
| Minnesota .....                | 52,268           | .....                               | 44,789           | 44,789           | 51,404                 | 1.14                                          |
| Mississippi .....              | 37,758           | .....                               | 32,356           | 32,356           | 37,134                 | 0.82                                          |
| Missouri .....                 | 44,732           | .....                               | 38,332           | 38,332           | 43,993                 | 0.97                                          |
| Montana .....                  | 5,803            | .....                               | 4,972            | 4,972            | 5,707                  | 0.13                                          |
| Nebraska .....                 | 14,862           | .....                               | 12,736           | 12,736           | 14,617                 | 0.32                                          |
| Nevada .....                   | 16,586           | .....                               | 14,212           | 14,212           | 16,311                 | 0.36                                          |
| New Hampshire .....            | 11,718           | .....                               | 10,042           | 10,042           | 11,525                 | 0.25                                          |
| New Jersey .....               | 169,545          | .....                               | 146,287          | 146,287          | 166,743                | 3.69                                          |
| New Mexico .....               | 12,266           | .....                               | 10,511           | 10,511           | 12,063                 | 0.27                                          |
| New York .....                 | 1,044,518        | .....                               | 899,066          | 899,066          | 1,027,254              | 22.71                                         |
| North Carolina .....           | 140,647          | .....                               | 120,524          | 120,524          | 138,323                | 3.06                                          |
| North Dakota .....             | 3,527            | .....                               | 3,022            | 3,022            | 3,468                  | 0.08                                          |
| Ohio .....                     | 214,327          | .....                               | 182,660          | 182,660          | 210,784                | 4.66                                          |
| Oklahoma .....                 | 37,801           | .....                               | 32,392           | 32,392           | 37,176                 | 0.82                                          |
| Oregon .....                   | 19,401           | .....                               | 16,625           | 16,625           | 19,081                 | 0.42                                          |
| Pennsylvania .....             | 298,832          | .....                               | 266,075          | 266,075          | 293,893                | 6.50                                          |
| Rhode Island .....             | 36,081           | .....                               | 30,918           | 30,918           | 35,485                 | 0.78                                          |
| South Carolina .....           | 52,652           | .....                               | 45,119           | 45,119           | 51,782                 | 1.14                                          |
| South Dakota .....             | 2,958            | .....                               | 2,535            | 2,535            | 2,909                  | 0.06                                          |
| Tennessee .....                | 115,800          | .....                               | 99,246           | 99,246           | 113,903                | 2.52                                          |
| Texas .....                    | 185,945          | .....                               | 164,341          | 164,341          | 182,873                | 4.04                                          |
| Utah .....                     | 4,438            | .....                               | 3,803            | 3,803            | 4,364                  | 0.10                                          |
| Vermont .....                  | 4,657            | .....                               | 3,991            | 3,991            | 4,580                  | 0.10                                          |
| Virginia .....                 | 78,773           | .....                               | 67,508           | 67,508           | 77,472                 | 1.71                                          |
| Washington .....               | 44,792           | .....                               | 39,383           | 39,383           | 44,052                 | 0.97                                          |
| West Virginia .....            | 19,464           | .....                               | 16,679           | 16,679           | 19,143                 | 0.42                                          |
| Wisconsin .....                | 22,873           | .....                               | 19,600           | 19,600           | 22,495                 | 0.50                                          |
| Wyoming .....                  | 1,902            | .....                               | 1,630            | 1,630            | 1,871                  | 0.04                                          |
| American Samoa .....           | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Guam .....                     | 4,155            | .....                               | 3,561            | 3,561            | 4,087                  | 0.09                                          |
| Northern Mariana Islands ..... | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Puerto Rico .....              | 225,121          | .....                               | 192,911          | 192,911          | 221,401                | 4.89                                          |
| Freely Associated States ..... | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Virgin Islands .....           | 20,284           | .....                               | 17,382           | 17,382           | 19,949                 | 0.44                                          |
| Indian Tribes .....            | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Undistributed .....            | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| <b>Total .....</b>             | <b>4,600,004</b> | <b>.....</b>                        | <b>3,961,854</b> | <b>3,961,854</b> | <b>4,524,002</b>       | <b><sup>1</sup> 100.00</b>                    |

<sup>1</sup> Excludes undistributed obligations.

Department of Housing and Urban Development, Public and Indian Housing Programs

86-0302-0-1-604

Table 18-29. SECTION 8 HOUSING CHOICE VOUCHERS (14.871)

(Obligations in thousands of dollars)

| State or Territory       | FY 2011 Actual    | Estimated FY 2012 obligations from: |                   |                   | FY 2013 (estimated) | FY 2013 Percentage of distributed total |
|--------------------------|-------------------|-------------------------------------|-------------------|-------------------|---------------------|-----------------------------------------|
|                          |                   | Previous authority                  | New authority     | Total             |                     |                                         |
| Alabama                  | 182,418           | 1,761                               | 177,927           | 179,688           | 186,255             | 0.99                                    |
| Alaska                   | 35,266            | 340                                 | 34,398            | 34,738            | 36,008              | 0.19                                    |
| Arizona                  | 164,137           | 1,585                               | 160,097           | 161,682           | 167,590             | 0.89                                    |
| Arkansas                 | 98,888            | 955                                 | 96,454            | 97,409            | 100,968             | 0.53                                    |
| California               | 3,361,519         | 32,453                              | 3,278,768         | 3,311,221         | 3,432,218           | 18.16                                   |
| Colorado                 | 234,400           | 2,263                               | 228,630           | 230,893           | 239,330             | 1.27                                    |
| Connecticut              | 373,378           | 3,605                               | 364,187           | 367,792           | 381,231             | 2.02                                    |
| Delaware                 | 39,750            | 384                                 | 38,772            | 39,156            | 40,586              | 0.21                                    |
| District of Columbia     | 183,750           | 1,774                               | 179,227           | 181,001           | 187,615             | 0.99                                    |
| Florida                  | 855,255           | 8,257                               | 834,201           | 842,458           | 873,243             | 4.62                                    |
| Georgia                  | 483,051           | 4,664                               | 471,160           | 475,824           | 493,211             | 2.61                                    |
| Hawaii                   | 111,369           | 1,075                               | 108,628           | 109,703           | 113,712             | 0.60                                    |
| Idaho                    | 39,319            | 380                                 | 38,351            | 38,731            | 40,146              | 0.21                                    |
| Illinois                 | 882,191           | 8,517                               | 860,474           | 868,991           | 900,745             | 4.77                                    |
| Indiana                  | 218,312           | 2,108                               | 212,938           | 215,046           | 222,904             | 1.18                                    |
| Iowa                     | 99,498            | 961                                 | 97,048            | 98,009            | 101,590             | 0.54                                    |
| Kansas                   | 63,535            | 613                                 | 61,971            | 62,584            | 64,871              | 0.34                                    |
| Kentucky                 | 190,777           | 1,842                               | 186,081           | 187,923           | 194,790             | 1.03                                    |
| Louisiana                | 345,823           | 3,339                               | 337,310           | 340,649           | 353,096             | 1.87                                    |
| Maine                    | 85,964            | 830                                 | 83,848            | 84,678            | 87,772              | 0.46                                    |
| Maryland                 | 480,297           | 4,637                               | 468,474           | 473,111           | 490,399             | 2.59                                    |
| Massachusetts            | 856,744           | 8,271                               | 835,654           | 843,925           | 874,763             | 4.63                                    |
| Michigan                 | 359,394           | 3,470                               | 350,547           | 354,017           | 366,953             | 1.94                                    |
| Minnesota                | 223,877           | 2,161                               | 218,366           | 220,527           | 228,586             | 1.21                                    |
| Mississippi              | 139,192           | 1,344                               | 135,766           | 137,110           | 142,120             | 0.75                                    |
| Missouri                 | 243,886           | 2,355                               | 237,882           | 240,237           | 249,015             | 1.32                                    |
| Montana                  | 31,236            | 302                                 | 30,467            | 30,769            | 31,893              | 0.17                                    |
| Nebraska                 | 65,354            | 631                                 | 63,745            | 64,376            | 66,728              | 0.35                                    |
| Nevada                   | 129,148           | 1,247                               | 125,968           | 127,215           | 131,864             | 0.70                                    |
| New Hampshire            | 84,741            | 818                                 | 82,655            | 83,473            | 86,523              | 0.46                                    |
| New Jersey               | 675,341           | 6,520                               | 658,716           | 665,236           | 689,544             | 3.65                                    |
| New Mexico               | 74,157            | 716                                 | 72,332            | 73,048            | 75,717              | 0.40                                    |
| New York                 | 2,320,519         | 22,403                              | 2,263,395         | 2,285,798         | 2,369,324           | 12.54                                   |
| North Carolina           | 349,511           | 3,374                               | 340,907           | 344,281           | 356,862             | 1.89                                    |
| North Dakota             | 33,151            | 320                                 | 32,335            | 32,655            | 33,848              | 0.18                                    |
| Ohio                     | 577,688           | 5,577                               | 563,467           | 569,044           | 589,838             | 3.12                                    |
| Oklahoma                 | 131,338           | 1,268                               | 128,105           | 129,373           | 134,100             | 0.71                                    |
| Oregon                   | 215,668           | 2,082                               | 210,359           | 212,441           | 220,204             | 1.17                                    |
| Pennsylvania             | 584,426           | 5,642                               | 570,040           | 575,682           | 596,718             | 3.16                                    |
| Rhode Island             | 82,974            | 801                                 | 80,931            | 81,732            | 84,719              | 0.45                                    |
| South Carolina           | 144,426           | 1,394                               | 140,871           | 142,265           | 147,463             | 0.78                                    |
| South Dakota             | 31,019            | 299                                 | 30,255            | 30,554            | 31,671              | 0.17                                    |
| Tennessee                | 211,002           | 2,037                               | 205,808           | 207,845           | 215,440             | 1.14                                    |
| Texas                    | 1,023,732         | 9,883                               | 998,531           | 1,008,414         | 1,045,263           | 5.53                                    |
| Utah                     | 72,277            | 698                                 | 70,497            | 71,195            | 73,797              | 0.39                                    |
| Vermont                  | 47,792            | 461                                 | 46,615            | 47,076            | 48,797              | 0.26                                    |
| Virginia                 | 382,606           | 3,694                               | 373,188           | 376,882           | 390,653             | 2.07                                    |
| Washington               | 417,020           | 4,026                               | 406,754           | 410,780           | 425,791             | 2.25                                    |
| West Virginia            | 66,671            | 644                                 | 65,030            | 65,674            | 68,073              | 0.36                                    |
| Wisconsin                | 160,191           | 1,547                               | 156,248           | 157,795           | 163,561             | 0.87                                    |
| Wyoming                  | 12,977            | 125                                 | 12,657            | 12,782            | 13,250              | 0.07                                    |
| American Samoa           | .....             | .....                               | .....             | .....             | .....               | .....                                   |
| Guam                     | 35,047            | 338                                 | 34,184            | 34,522            | 35,784              | 0.19                                    |
| Northern Mariana Islands | 3,947             | 38                                  | 3,850             | 3,888             | 4,030               | 0.02                                    |
| Puerto Rico              | 182,197           | 1,759                               | 177,712           | 179,471           | 186,029             | 0.98                                    |
| Freely Associated States | .....             | .....                               | .....             | .....             | .....               | .....                                   |
| Virgin Islands           | 11,886            | 115                                 | 11,593            | 11,708            | 12,136              | 0.06                                    |
| Indian Tribes            | .....             | .....                               | .....             | .....             | .....               | .....                                   |
| Undistributed            | .....             | .....                               | 210,000           | 1 210,000         | 1 223,570           | .....                                   |
| <b>Total</b>             | <b>18,510,032</b> | <b>178,703</b>                      | <b>18,264,374</b> | <b>18,443,077</b> | <b>19,122,907</b>   | <b>2 100.00</b>                         |

<sup>1</sup> Undistributed amounts include new vouchers (e.g., HUD-Veteran Affairs Supportive Housing vouchers) yet to be distributed and estimated set-aside for Rental Assistance Demonstration.

<sup>2</sup> Excludes undistributed obligations.



Department of Housing and Urban Development, Public and Indian Housing Programs

86-0304-0-1-604

**Table 18-30. PUBLIC HOUSING CAPITAL FUND (14.872)**

(Obligations in thousands of dollars)

| State or Territory             | FY 2011 Actual   | Estimated FY 2012 obligations from: |                  |                  | FY 2013<br>(estimated) | FY 2013<br>Percentage of<br>distributed total |
|--------------------------------|------------------|-------------------------------------|------------------|------------------|------------------------|-----------------------------------------------|
|                                |                  | Previous<br>authority               | New authority    | Total            |                        |                                               |
| Alabama .....                  | 73,088           | 2,349                               | 64,783           | 67,132           | 70,483                 | 3.40                                          |
| Alaska .....                   | 3,304            | 106                                 | 2,929            | 3,035            | 3,186                  | 0.15                                          |
| Arizona .....                  | 11,093           | 357                                 | 9,832            | 10,189           | 10,698                 | 0.52                                          |
| Arkansas .....                 | 21,095           | 678                                 | 18,698           | 19,376           | 20,343                 | 0.98                                          |
| California .....               | 95,695           | 3,076                               | 84,821           | 87,897           | 92,285                 | 4.46                                          |
| Colorado .....                 | 4,077            | 131                                 | 3,614            | 3,745            | 3,932                  | 0.19                                          |
| Connecticut .....              | 25,376           | 816                                 | 22,492           | 23,308           | 24,472                 | 1.18                                          |
| Delaware .....                 | 4,984            | 160                                 | 4,418            | 4,578            | 4,806                  | 0.23                                          |
| District of Columbia .....     | 16,482           | 530                                 | 14,609           | 15,139           | 15,895                 | 0.77                                          |
| Florida .....                  | 69,609           | 2,238                               | 61,699           | 63,937           | 67,128                 | 3.24                                          |
| Georgia .....                  | 93,938           | 3,020                               | 83,263           | 86,283           | 90,590                 | 4.38                                          |
| Hawaii .....                   | 10,402           | 334                                 | 9,220            | 9,554            | 10,031                 | 0.48                                          |
| Idaho .....                    | 769              | 25                                  | 682              | 707              | 742                    | 0.04                                          |
| Illinois .....                 | 5,418            | 174                                 | 4,802            | 4,976            | 5,225                  | 0.25                                          |
| Indiana .....                  | 10,963           | 352                                 | 9,717            | 10,069           | 10,572                 | 0.51                                          |
| Iowa .....                     | 5,883            | 189                                 | 5,214            | 5,403            | 5,673                  | 0.27                                          |
| Kansas .....                   | 29,239           | 940                                 | 25,916           | 26,856           | 28,197                 | 1.36                                          |
| Kentucky .....                 | 38,555           | 1,239                               | 34,174           | 35,413           | 37,181                 | 1.80                                          |
| Louisiana .....                | 51,205           | 1,646                               | 45,386           | 47,032           | 49,380                 | 2.39                                          |
| Maine .....                    | 127,404          | 4,095                               | 112,926          | 117,021          | 155,864                | 7.53                                          |
| Maryland .....                 | 33,621           | 1,081                               | 29,800           | 30,881           | 32,423                 | 1.57                                          |
| Massachusetts .....            | 64,967           | 2,088                               | 57,584           | 59,672           | 62,652                 | 3.03                                          |
| Michigan .....                 | 35,033           | 1,126                               | 31,052           | 32,178           | 33,785                 | 1.63                                          |
| Minnesota .....                | 32,204           | 1,035                               | 28,544           | 29,579           | 31,056                 | 1.50                                          |
| Mississippi .....              | 23,626           | 759                                 | 20,941           | 21,700           | 22,784                 | 1.10                                          |
| Missouri .....                 | 30,060           | 966                                 | 26,644           | 27,610           | 28,989                 | 1.40                                          |
| Montana .....                  | 5,961            | 192                                 | 5,284            | 5,476            | 5,749                  | 0.28                                          |
| Nebraska .....                 | 11,587           | 372                                 | 10,270           | 10,642           | 11,174                 | 0.54                                          |
| Nevada .....                   | 5,762            | 185                                 | 5,107            | 5,292            | 5,557                  | 0.27                                          |
| New Hampshire .....            | 5,061            | 163                                 | 4,486            | 4,649            | 4,881                  | 0.24                                          |
| New Jersey .....               | 73,033           | 2,348                               | 64,734           | 67,082           | 68,430                 | 3.31                                          |
| New Mexico .....               | 6,192            | 199                                 | 5,488            | 5,687            | 5,971                  | 0.29                                          |
| New York .....                 | 351,393          | 11,296                              | 311,462          | 322,758          | 333,871                | 16.13                                         |
| North Carolina .....           | 69,060           | 2,220                               | 61,212           | 63,432           | 68,599                 | 3.31                                          |
| North Dakota .....             | 2,298            | 74                                  | 2,037            | 2,111            | 2,216                  | 0.11                                          |
| Ohio .....                     | 83,311           | 2,678                               | 73,844           | 76,522           | 79,342                 | 3.83                                          |
| Oklahoma .....                 | 16,391           | 527                                 | 14,528           | 15,055           | 14,807                 | 0.72                                          |
| Oregon .....                   | 9,045            | 291                                 | 8,017            | 8,308            | 8,723                  | 0.42                                          |
| Pennsylvania .....             | 135,797          | 4,365                               | 120,366          | 124,731          | 135,958                | 6.57                                          |
| Rhode Island .....             | 12,692           | 408                                 | 11,250           | 11,658           | 12,240                 | 0.59                                          |
| South Carolina .....           | 26,625           | 856                                 | 23,599           | 24,455           | 27,676                 | 1.34                                          |
| South Dakota .....             | 1,810            | 58                                  | 1,604            | 1,662            | 1,745                  | 0.08                                          |
| Tennessee .....                | 56,541           | 1,818                               | 50,116           | 51,934           | 54,526                 | 2.63                                          |
| Texas .....                    | 93,835           | 3,016                               | 83,172           | 86,188           | 88,491                 | 4.27                                          |
| Utah .....                     | 3,641            | 117                                 | 3,227            | 3,344            | 3,511                  | 0.17                                          |
| Vermont .....                  | 3,161            | 102                                 | 2,802            | 2,904            | 3,048                  | 0.15                                          |
| Virginia .....                 | 31,944           | 1,027                               | 28,314           | 29,341           | 30,806                 | 1.49                                          |
| Washington .....               | 27,701           | 890                                 | 24,553           | 25,443           | 26,714                 | 1.29                                          |
| West Virginia .....            | 8,684            | 279                                 | 7,697            | 7,976            | 8,375                  | 0.40                                          |
| Wisconsin .....                | 16,941           | 545                                 | 15,016           | 15,561           | 15,337                 | 0.74                                          |
| Wyoming .....                  | 907              | 29                                  | 804              | 833              | 875                    | 0.04                                          |
| American Samoa .....           | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Guam .....                     | 1,318            | 42                                  | 1,168            | 1,210            | 1,271                  | 0.06                                          |
| Northern Mariana Islands ..... | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Puerto Rico .....              | 130,178          | 4,185                               | 115,385          | 119,570          | 125,539                | 6.06                                          |
| Freely Associated States ..... | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Virgin Islands .....           | 6,424            | 207                                 | 5,694            | 5,901            | 6,195                  | 0.30                                          |
| Indian Tribes .....            | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Undistributed .....            | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| <b>Total .....</b>             | <b>2,115,383</b> | <b>67,999</b>                       | <b>1,874,996</b> | <b>1,942,995</b> | <b>2,069,999</b>       | <b><sup>1</sup> 100.00</b>                    |

\* \$500 or less or 0.005 percent or less.

<sup>1</sup> Excludes undistributed obligations.

Department of Housing and Urban Development, Community Planning and Development

86-0162-0-1-451

Table 18-31. COMMUNITY DEVELOPMENT BLOCK GRANT (14.218)

(Obligations in thousands of dollars)

| State or Territory             | FY 2011 Actual       | Estimated FY 2012 obligations from: |                      |                  | FY 2013<br>(estimated) | FY 2013<br>Percentage of<br>distributed total |
|--------------------------------|----------------------|-------------------------------------|----------------------|------------------|------------------------|-----------------------------------------------|
|                                |                      | Previous<br>authority               | New authority        | Total            |                        |                                               |
| Alabama .....                  | 46,381               | 2,711                               | 39,782               | 42,493           | 39,571                 | 1.30                                          |
| Alaska .....                   | 4,341                | .....                               | 3,875                | 3,875            | 3,854                  | 0.13                                          |
| Arizona .....                  | 40,252               | 9,062                               | 44,036               | 53,098           | 43,803                 | 1.44                                          |
| Arkansas .....                 | 25,020               | .....                               | 22,332               | 22,332           | 22,214                 | 0.73                                          |
| California .....               | 420,767              | 100,358                             | 370,760              | 471,118          | 368,795                | 12.16                                         |
| Colorado .....                 | 26,874               | 9,453                               | 30,393               | 39,846           | 30,232                 | 1.00                                          |
| Connecticut .....              | 38,216               | 5,290                               | 33,801               | 39,091           | 33,622                 | 1.11                                          |
| Delaware .....                 | 6,490                | .....                               | 3,808                | 3,808            | 3,788                  | 0.12                                          |
| District of Columbia .....     | 19,636               | 16,329                              | 14,584               | 30,913           | 14,507                 | 0.48                                          |
| Florida .....                  | 198,527              | 94,545                              | 128,559              | 223,104          | 127,878                | 4.22                                          |
| Georgia .....                  | 76,307               | 3,171                               | 66,381               | 69,552           | 66,029                 | 2.18                                          |
| Hawaii .....                   | 13,653               | .....                               | 12,190               | 12,190           | 12,125                 | 0.40                                          |
| Idaho .....                    | 11,597               | 2,141                               | 9,971                | 12,112           | 9,918                  | 0.33                                          |
| Illinois .....                 | 179,590              | 27,370                              | 139,758              | 167,128          | 139,017                | 4.58                                          |
| Indiana .....                  | 86,913               | 1,870                               | 56,191               | 58,061           | 55,893                 | 1.84                                          |
| Iowa .....                     | 129,303              | .....                               | 33,147               | 33,147           | 32,971                 | 1.09                                          |
| Kansas .....                   | 25,768               | 2,257                               | 22,607               | 24,864           | 22,487                 | 0.74                                          |
| Kentucky .....                 | 54,884               | .....                               | 36,941               | 36,941           | 36,745                 | 1.21                                          |
| Louisiana .....                | 357,278              | 146,380                             | 51,006               | 197,386          | 150,736                | 4.97                                          |
| Maine .....                    | 17,476               | 1,528                               | 15,968               | 17,496           | 15,883                 | 0.52                                          |
| Maryland .....                 | 65,213               | 13,035                              | 44,107               | 57,142           | 43,873                 | 1.45                                          |
| Massachusetts .....            | 102,847              | 6,071                               | 87,657               | 93,728           | 87,192                 | 2.88                                          |
| Michigan .....                 | 119,008              | 47,941                              | 105,676              | 153,617          | 105,116                | 3.47                                          |
| Minnesota .....                | 51,372               | 517                                 | 46,330               | 46,847           | 46,084                 | 1.52                                          |
| Mississippi .....              | 37,868               | 2,686                               | 28,631               | 31,317           | 28,479                 | 0.94                                          |
| Missouri .....                 | 65,594               | 206                                 | 53,790               | 53,996           | 53,505                 | 1.76                                          |
| Montana .....                  | 8,325                | .....                               | 7,430                | 7,430            | 7,391                  | 0.24                                          |
| Nebraska .....                 | 17,197               | .....                               | 15,350               | 15,350           | 15,269                 | 0.50                                          |
| Nevada .....                   | 4,547                | 13,810                              | 16,394               | 30,204           | 16,307                 | 0.54                                          |
| New Hampshire .....            | 11,384               | 595                                 | 10,692               | 11,287           | 10,635                 | 0.35                                          |
| New Jersey .....               | 103,093              | 30,663                              | 81,672               | 112,335          | 81,239                 | 2.68                                          |
| New Mexico .....               | 19,612               | .....                               | 17,090               | 17,090           | 16,999                 | 0.56                                          |
| New York .....                 | 316,510              | 27,580                              | 279,600              | 307,180          | 278,118                | 9.17                                          |
| North Carolina .....           | 68,941               | .....                               | 58,273               | 58,273           | 57,964                 | 1.91                                          |
| North Dakota .....             | 5,739                | .....                               | 5,122                | 5,122            | 5,095                  | 0.17                                          |
| Ohio .....                     | 122,698              | 26,539                              | 130,120              | 156,659          | 129,430                | 4.27                                          |
| Oklahoma .....                 | 30,144               | 5,124                               | 24,414               | 29,538           | 24,285                 | 0.80                                          |
| Oregon .....                   | 33,412               | .....                               | 29,402               | 29,402           | 29,246                 | 0.96                                          |
| Pennsylvania .....             | 160,831              | 52,207                              | 176,759              | 228,966          | 175,822                | 5.80                                          |
| Rhode Island .....             | 27,412               | 1,219                               | 13,956               | 15,175           | 13,882                 | 0.46                                          |
| South Carolina .....           | 35,877               | 425                                 | 31,438               | 31,863           | 31,271                 | 1.03                                          |
| South Dakota .....             | 7,269                | .....                               | 6,487                | 6,487            | 6,453                  | 0.21                                          |
| Tennessee .....                | 119,352              | .....                               | 40,486               | 40,486           | 40,271                 | 1.33                                          |
| Texas .....                    | 283,048              | 121,775                             | 206,520              | 328,295          | 205,425                | 6.77                                          |
| Utah .....                     | 20,495               | 673                                 | 16,661               | 17,334           | 16,573                 | 0.55                                          |
| Vermont .....                  | 7,555                | .....                               | 6,742                | 6,742            | 6,706                  | 0.22                                          |
| Virginia .....                 | 47,003               | 13,135                              | 49,060               | 62,195           | 48,800                 | 1.61                                          |
| Washington .....               | 54,042               | 1,177                               | 49,197               | 50,374           | 48,936                 | 1.61                                          |
| West Virginia .....            | 22,645               | 106                                 | 20,195               | 20,301           | 20,088                 | 0.66                                          |
| Wisconsin .....                | 55,264               | 28,026                              | 53,352               | 81,378           | 53,069                 | 1.75                                          |
| Wyoming .....                  | 3,827                | .....                               | 3,415                | 3,415            | 3,397                  | 0.11                                          |
| American Samoa .....           | 1,133                | .....                               | 1,143                | 1,143            | 1,137                  | 0.04                                          |
| Guam .....                     | 3,050                | 3,086                               | 3,076                | 6,162            | 3,060                  | 0.10                                          |
| Northern Mariana Islands ..... | 880                  | 824                                 | 888                  | 1,712            | 883                    | 0.03                                          |
| Puerto Rico .....              | 111,667              | .....                               | 88,982               | 88,982           | 88,510                 | 2.92                                          |
| Freely Associated States ..... | .....                | .....                               | .....                | .....            | .....                  | .....                                         |
| Virgin Islands .....           | 1,878                | 1,873                               | 1,893                | 3,766            | 1,883                  | 0.06                                          |
| Indian Tribes .....            | .....                | .....                               | .....                | .....            | .....                  | .....                                         |
| Undistributed .....            | <sup>1</sup> 499,233 | <sup>1</sup> 118,018                | <sup>1</sup> 460,000 | 578,018          | <sup>1</sup> 195,000   | .....                                         |
| <b>Total .....</b>             | <b>4,425,238</b>     | <b>939,776</b>                      | <b>3,408,090</b>     | <b>4,347,866</b> | <b>3,227,461</b>       | <sup>2</sup> <b>100.00</b>                    |

\* \$500 or less or 0.005 percent or less.

NOTE: Distributed amounts include CDBG formula grants and awarded CDBG disaster funding.

<sup>1</sup> Undistributed amounts include unallocated CDBG disaster funding, Indian CDBG, and other set-asides.<sup>2</sup> Excludes undistributed obligations.

Department of Labor, Employment and Training Administration

16-0179-0-1-603

**Table 18-32. UNEMPLOYMENT INSURANCE (17.225)**

(Obligations in thousands of dollars)

| State or Territory                | FY 2011 Actual   | Estimated FY 2012 obligations from: |                  |                  | FY 2013 (estimated) | FY 2013 Percentage of distributed total |
|-----------------------------------|------------------|-------------------------------------|------------------|------------------|---------------------|-----------------------------------------|
|                                   |                  | Previous authority                  | New authority    | Total            |                     |                                         |
| Alabama                           | 37,165           |                                     | 38,868           | 38,868           |                     |                                         |
| Alaska                            | 25,560           |                                     | 27,372           | 27,372           |                     |                                         |
| Arizona                           | 46,914           |                                     | 40,847           | 40,847           |                     |                                         |
| Arkansas                          | 24,249           |                                     | 26,283           | 26,283           |                     |                                         |
| California                        | 458,777          |                                     | 461,647          | 461,647          |                     |                                         |
| Colorado                          | 45,665           |                                     | 48,139           | 48,139           |                     |                                         |
| Connecticut                       | 58,387           |                                     | 60,819           | 60,819           |                     |                                         |
| Delaware                          | 12,021           |                                     | 12,149           | 12,149           |                     |                                         |
| District of Columbia              | 14,599           |                                     | 12,749           | 12,749           |                     |                                         |
| Florida                           | 105,827          |                                     | 96,285           | 96,285           |                     |                                         |
| Georgia                           | 70,758           |                                     | 79,365           | 79,365           |                     |                                         |
| Hawaii                            | 17,536           |                                     | 18,143           | 18,143           |                     |                                         |
| Idaho                             | 22,377           |                                     | 22,039           | 22,039           |                     |                                         |
| Illinois                          | 164,959          |                                     | 182,054          | 182,054          |                     |                                         |
| Indiana                           | 43,080           |                                     | 53,180           | 53,180           |                     |                                         |
| Iowa                              | 26,619           |                                     | 29,165           | 29,165           |                     |                                         |
| Kansas                            | 22,141           |                                     | 22,437           | 22,437           |                     |                                         |
| Kentucky                          | 31,910           |                                     | 34,878           | 34,878           |                     |                                         |
| Louisiana                         | 37,134           |                                     | 34,615           | 34,615           |                     |                                         |
| Maine                             | 18,199           |                                     | 18,568           | 18,568           |                     |                                         |
| Maryland                          | 60,778           |                                     | 69,868           | 69,868           |                     |                                         |
| Massachusetts                     | 72,404           |                                     | 71,142           | 71,142           |                     |                                         |
| Michigan                          | 133,420          |                                     | 150,581          | 150,581          |                     |                                         |
| Minnesota                         | 49,410           |                                     | 49,878           | 49,878           |                     |                                         |
| Mississippi                       | 27,683           |                                     | 25,940           | 25,940           |                     |                                         |
| Missouri                          | 45,453           |                                     | 44,027           | 44,027           |                     |                                         |
| Montana                           | 10,734           |                                     | 10,288           | 10,288           |                     |                                         |
| Nebraska                          | 14,960           |                                     | 17,704           | 17,704           |                     |                                         |
| Nevada                            | 31,965           |                                     | 37,146           | 37,146           |                     |                                         |
| New Hampshire                     | 14,938           |                                     | 16,907           | 16,907           |                     |                                         |
| New Jersey                        | 121,470          |                                     | 126,158          | 126,158          |                     |                                         |
| New Mexico                        | 20,250           |                                     | 16,722           | 16,722           |                     |                                         |
| New York                          | 208,559          |                                     | 212,313          | 212,313          |                     |                                         |
| North Carolina                    | 66,979           |                                     | 66,831           | 66,831           |                     |                                         |
| North Dakota                      | 11,299           |                                     | 8,560            | 8,560            |                     |                                         |
| Ohio                              | 102,642          |                                     | 111,447          | 111,447          |                     |                                         |
| Oklahoma                          | 27,947           |                                     | 29,196           | 29,196           |                     |                                         |
| Oregon                            | 57,350           |                                     | 56,191           | 56,191           |                     |                                         |
| Pennsylvania                      | 153,016          |                                     | 159,620          | 159,620          |                     |                                         |
| Rhode Island                      | 16,708           |                                     | 15,864           | 15,864           |                     |                                         |
| South Carolina                    | 32,906           |                                     | 35,450           | 35,450           |                     |                                         |
| South Dakota                      | 7,477            |                                     | 6,813            | 6,813            |                     |                                         |
| Tennessee                         | 91,496           |                                     | 41,622           | 41,622           |                     |                                         |
| Texas                             | 150,547          |                                     | 157,894          | 157,894          |                     |                                         |
| Utah                              | 29,080           |                                     | 28,103           | 28,103           |                     |                                         |
| Vermont                           | 14,218           |                                     | 9,259            | 9,259            |                     |                                         |
| Virginia                          | 47,706           |                                     | 51,334           | 51,334           |                     |                                         |
| Washington                        | 99,123           |                                     | 114,315          | 114,315          |                     |                                         |
| West Virginia                     | 16,595           |                                     | 17,008           | 17,008           |                     |                                         |
| Wisconsin                         | 72,654           |                                     | 75,758           | 75,758           |                     |                                         |
| Wyoming                           | 68,997           |                                     | 9,887            | 9,887            |                     |                                         |
| American Samoa                    |                  |                                     |                  |                  |                     |                                         |
| Guam                              |                  |                                     |                  |                  |                     |                                         |
| Northern Mariana Islands          |                  |                                     |                  |                  |                     |                                         |
| Puerto Rico                       | 22,372           |                                     | 21,516           | 21,516           |                     |                                         |
| Freely Associated States          |                  |                                     |                  |                  |                     |                                         |
| Virgin Islands                    | 1,853            |                                     | 2,071            | 2,071            |                     |                                         |
| Indian Tribes                     |                  |                                     |                  |                  |                     |                                         |
| Undistributed                     |                  |                                     |                  |                  | 3,027,797           |                                         |
| Dept of Health and Human Services | 2,380            |                                     | 2,236            | 2,236            |                     |                                         |
| <b>Total</b>                      | <b>3,189,246</b> |                                     | <b>3,189,251</b> | <b>3,189,251</b> | <b>3,027,797</b>    |                                         |

Department of Transportation, Federal Aviation Administration

69-8106-0-7-402

69-0160-4-1-400

**Table 18-33. AIRPORT IMPROVEMENT PROGRAM (20.106)**

(Obligations in thousands of dollars)

| State or Territory             | FY 2011 Actual   | Estimated FY 2012 obligations from: |                  |                  | FY 2013<br>(estimated) | FY 2013<br>Percentage of<br>distributed total |
|--------------------------------|------------------|-------------------------------------|------------------|------------------|------------------------|-----------------------------------------------|
|                                |                  | Previous<br>authority               | New authority    | Total            |                        |                                               |
| Alabama .....                  | 64,490           | .....                               | 97,241           | 97,241           | 42,585                 | 1.87                                          |
| Alaska .....                   | 229,180          | .....                               | 345,567          | 345,567          | 151,335                | 6.65                                          |
| Arizona .....                  | 85,853           | .....                               | 129,453          | 129,453          | 56,692                 | 2.49                                          |
| Arkansas .....                 | 44,059           | .....                               | 66,434           | 66,434           | 29,094                 | 1.28                                          |
| California .....               | 238,587          | .....                               | 359,752          | 359,752          | 157,546                | 6.92                                          |
| Colorado .....                 | 92,595           | .....                               | 139,620          | 139,620          | 61,144                 | 2.69                                          |
| Connecticut .....              | 16,190           | .....                               | 24,412           | 24,412           | 10,691                 | 0.47                                          |
| Delaware .....                 | 1,874            | .....                               | 2,826            | 2,826            | 1,237                  | 0.05                                          |
| District of Columbia .....     | 17,371           | .....                               | 26,192           | 26,192           | 11,471                 | 0.50                                          |
| Florida .....                  | 162,574          | .....                               | 245,136          | 245,136          | 107,353                | 4.72                                          |
| Georgia .....                  | 81,281           | .....                               | 122,559          | 122,559          | 53,673                 | 2.36                                          |
| Hawaii .....                   | 33,035           | .....                               | 49,812           | 49,812           | 21,814                 | 0.96                                          |
| Idaho .....                    | 14,311           | .....                               | 21,579           | 21,579           | 9,450                  | 0.42                                          |
| Illinois .....                 | 172,667          | .....                               | 260,355          | 260,355          | 114,018                | 5.01                                          |
| Indiana .....                  | 69,258           | .....                               | 104,430          | 104,430          | 45,733                 | 2.01                                          |
| Iowa .....                     | 41,241           | .....                               | 62,186           | 62,186           | 27,233                 | 1.20                                          |
| Kansas .....                   | 32,051           | .....                               | 48,328           | 48,328           | 21,165                 | 0.93                                          |
| Kentucky .....                 | 57,767           | .....                               | 87,103           | 87,103           | 38,145                 | 1.68                                          |
| Louisiana .....                | 61,813           | .....                               | 93,204           | 93,204           | 40,817                 | 1.79                                          |
| Maine .....                    | 30,425           | .....                               | 45,877           | 45,877           | 20,091                 | 0.88                                          |
| Maryland .....                 | 18,445           | .....                               | 27,812           | 27,812           | 12,180                 | 0.53                                          |
| Massachusetts .....            | 80,988           | .....                               | 122,118          | 122,118          | 53,479                 | 2.35                                          |
| Michigan .....                 | 66,808           | .....                               | 100,736          | 100,736          | 44,115                 | 1.94                                          |
| Minnesota .....                | 52,217           | .....                               | 78,735           | 78,735           | 34,481                 | 1.51                                          |
| Mississippi .....              | 49,549           | .....                               | 74,712           | 74,712           | 32,719                 | 1.44                                          |
| Missouri .....                 | 63,967           | .....                               | 96,452           | 96,452           | 42,239                 | 1.86                                          |
| Montana .....                  | 45,644           | .....                               | 68,824           | 68,824           | 30,140                 | 1.32                                          |
| Nebraska .....                 | 37,554           | .....                               | 56,625           | 56,625           | 24,798                 | 1.09                                          |
| Nevada .....                   | 55,230           | .....                               | 83,278           | 83,278           | 36,470                 | 1.60                                          |
| New Hampshire .....            | 30,051           | .....                               | 45,312           | 45,312           | 19,844                 | 0.87                                          |
| New Jersey .....               | 68,530           | .....                               | 103,332          | 103,332          | 45,252                 | 1.99                                          |
| New Mexico .....               | 29,866           | .....                               | 45,034           | 45,034           | 19,722                 | 0.87                                          |
| New York .....                 | 131,370          | .....                               | 198,086          | 198,086          | 86,748                 | 3.81                                          |
| North Carolina .....           | 85,081           | .....                               | 128,289          | 128,289          | 56,182                 | 2.47                                          |
| North Dakota .....             | 31,457           | .....                               | 47,432           | 47,432           | 20,772                 | 0.91                                          |
| Ohio .....                     | 85,283           | .....                               | 128,594          | 128,594          | 56,316                 | 2.47                                          |
| Oklahoma .....                 | 39,967           | .....                               | 60,264           | 60,264           | 26,392                 | 1.16                                          |
| Oregon .....                   | 62,546           | .....                               | 94,310           | 94,310           | 41,301                 | 1.81                                          |
| Pennsylvania .....             | 73,879           | .....                               | 111,397          | 111,397          | 48,785                 | 2.14                                          |
| Rhode Island .....             | 5,913            | .....                               | 8,916            | 8,916            | 3,904                  | 0.17                                          |
| South Carolina .....           | 46,929           | .....                               | 70,762           | 70,762           | 30,989                 | 1.36                                          |
| South Dakota .....             | 38,454           | .....                               | 57,982           | 57,982           | 25,392                 | 1.12                                          |
| Tennessee .....                | 73,361           | .....                               | 110,618          | 110,618          | 48,443                 | 2.13                                          |
| Texas .....                    | 237,804          | .....                               | 358,571          | 358,571          | 157,030                | 6.90                                          |
| Utah .....                     | 63,894           | .....                               | 96,342           | 96,342           | 42,191                 | 1.85                                          |
| Vermont .....                  | 9,046            | .....                               | 13,640           | 13,640           | 5,973                  | 0.26                                          |
| Virginia .....                 | 45,583           | .....                               | 68,732           | 68,732           | 30,100                 | 1.32                                          |
| Washington .....               | 94,926           | .....                               | 143,133          | 143,133          | 62,683                 | 2.75                                          |
| West Virginia .....            | 25,856           | .....                               | 38,987           | 38,987           | 17,074                 | 0.75                                          |
| Wisconsin .....                | 54,672           | .....                               | 82,437           | 82,437           | 36,102                 | 1.59                                          |
| Wyoming .....                  | 24,750           | .....                               | 37,319           | 37,319           | 16,343                 | 0.72                                          |
| American Samoa .....           | 1,900            | .....                               | 2,865            | 2,865            | 1,255                  | 0.06                                          |
| Guam .....                     | 5,680            | .....                               | 8,565            | 8,565            | 3,751                  | 0.16                                          |
| Northern Mariana Islands ..... | 10,781           | .....                               | 16,257           | 16,257           | 7,119                  | 0.31                                          |
| Puerto Rico .....              | 19,888           | .....                               | 29,987           | 29,987           | 13,132                 | 0.58                                          |
| Freely Associated States ..... | 30,310           | .....                               | 45,703           | 45,703           | 20,015                 | 0.88                                          |
| Virgin Islands .....           | 3,002            | .....                               | 4,526            | 4,526            | 1,982                  | 0.09                                          |
| Indian Tribes .....            | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Undistributed .....            | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| <b>Total .....</b>             | <b>3,447,803</b> | <b>.....</b>                        | <b>5,198,750</b> | <b>5,198,750</b> | <b>2,276,700</b>       | <b><sup>1</sup> 100.00</b>                    |

<sup>1</sup> Excludes undistributed obligations.

Department of Transportation, Federal Highway Administration

69-8083-0-7-401

Table 18-34. HIGHWAY PLANNING AND CONSTRUCTION (20.205)

(Obligations in thousands of dollars)

| State or Territory                        | FY 2011 Actual    | Estimated FY 2012 obligations from: |                        |                   | FY 2013 (estimated)    | FY 2013 Percentage of distributed total |
|-------------------------------------------|-------------------|-------------------------------------|------------------------|-------------------|------------------------|-----------------------------------------|
|                                           |                   | Previous authority                  | New authority          | Total             |                        |                                         |
| Alabama                                   | 854,635           |                                     | 698,064                | 698,064           | 723,693                | 2.00                                    |
| Alaska                                    | 594,781           |                                     | 421,295                | 421,295           | 330,377                | 0.91                                    |
| Arizona                                   | 763,340           |                                     | 674,516                | 674,516           | 710,073                | 1.96                                    |
| Arkansas                                  | 617,330           |                                     | 466,584                | 466,584           | 457,374                | 1.26                                    |
| California                                | 3,387,033         |                                     | 3,302,820              | 3,302,820         | 3,307,300              | 9.14                                    |
| Colorado                                  | 591,071           |                                     | 491,462                | 491,462           | 472,750                | 1.31                                    |
| Connecticut                               | 478,608           |                                     | 456,212                | 456,212           | 491,120                | 1.36                                    |
| Delaware                                  | 182,449           |                                     | 152,048                | 152,048           | 143,549                | 0.40                                    |
| District of Columbia                      | 161,966           |                                     | 146,278                | 146,278           | 142,931                | 0.40                                    |
| Florida                                   | 1,906,838         |                                     | 1,748,260              | 1,748,260         | 1,828,456              | 5.05                                    |
| Georgia                                   | 1,325,576         |                                     | 1,189,847              | 1,189,847         | 1,296,584              | 3.58                                    |
| Hawaii                                    | 144,428           |                                     | 155,166                | 155,166           | 154,044                | 0.43                                    |
| Idaho                                     | 283,842           |                                     | 263,537                | 263,537           | 268,270                | 0.74                                    |
| Illinois                                  | 1,572,259         |                                     | 1,307,088              | 1,307,088         | 1,198,439              | 3.31                                    |
| Indiana                                   | 1,027,213         |                                     | 878,904                | 878,904           | 916,655                | 2.53                                    |
| Iowa                                      | 507,068           |                                     | 438,807                | 438,807           | 397,271                | 1.10                                    |
| Kansas                                    | 365,835           |                                     | 346,646                | 346,646           | 371,197                | 1.03                                    |
| Kentucky                                  | 826,806           |                                     | 611,601                | 611,601           | 620,715                | 1.72                                    |
| Louisiana                                 | 674,992           |                                     | 624,146                | 624,146           | 576,385                | 1.59                                    |
| Maine                                     | 191,557           |                                     | 169,174                | 169,174           | 159,542                | 0.44                                    |
| Maryland                                  | 548,939           |                                     | 541,043                | 541,043           | 570,826                | 1.58                                    |
| Massachusetts                             | 631,424           |                                     | 557,234                | 557,234           | 603,244                | 1.67                                    |
| Michigan                                  | 1,131,485         |                                     | 968,324                | 968,324           | 1,073,815              | 2.97                                    |
| Minnesota                                 | 677,241           |                                     | 580,357                | 580,357           | 564,903                | 1.56                                    |
| Mississippi                               | 485,463           |                                     | 435,094                | 435,094           | 430,802                | 1.19                                    |
| Missouri                                  | 962,259           |                                     | 831,235                | 831,235           | 850,090                | 2.35                                    |
| Montana                                   | 426,486           |                                     | 355,257                | 355,257           | 346,710                | 0.96                                    |
| Nebraska                                  | 314,194           |                                     | 265,401                | 265,401           | 264,586                | 0.73                                    |
| Nevada                                    | 341,691           |                                     | 334,009                | 334,009           | 252,465                | 0.70                                    |
| New Hampshire                             | 192,944           |                                     | 151,855                | 151,855           | 166,695                | 0.46                                    |
| New Jersey                                | 853,247           |                                     | 914,451                | 914,451           | 952,243                | 2.63                                    |
| New Mexico                                | 372,811           |                                     | 329,911                | 329,911           | 346,787                | 0.96                                    |
| New York                                  | 1,672,001         |                                     | 1,541,845              | 1,541,845         | 1,650,875              | 4.56                                    |
| North Carolina                            | 1,082,129         |                                     | 957,048                | 957,048           | 1,027,174              | 2.84                                    |
| North Dakota                              | 322,784           |                                     | 227,967                | 227,967           | 224,416                | 0.62                                    |
| Ohio                                      | 1,274,413         |                                     | 1,210,840              | 1,210,840         | 1,295,736              | 3.58                                    |
| Oklahoma                                  | 736,555           |                                     | 582,952                | 582,952           | 554,381                | 1.53                                    |
| Oregon                                    | 480,412           |                                     | 449,036                | 449,036           | 410,482                | 1.13                                    |
| Pennsylvania                              | 1,455,213         |                                     | 1,507,976              | 1,507,976         | 1,645,782              | 4.55                                    |
| Rhode Island                              | 292,137           |                                     | 197,442                | 197,442           | 179,958                | 0.50                                    |
| South Carolina                            | 706,777           |                                     | 578,390                | 578,390           | 596,028                | 1.65                                    |
| South Dakota                              | 330,645           |                                     | 253,335                | 253,335           | 241,664                | 0.67                                    |
| Tennessee                                 | 917,900           |                                     | 761,406                | 761,406           | 797,074                | 2.20                                    |
| Texas                                     | 2,882,935         |                                     | 2,909,878              | 2,909,878         | 3,050,880              | 8.43                                    |
| Utah                                      | 394,970           |                                     | 296,272                | 296,272           | 264,564                | 0.73                                    |
| Vermont                                   | 233,182           |                                     | 182,537                | 182,537           | 151,347                | 0.42                                    |
| Virginia                                  | 1,025,971         |                                     | 919,013                | 919,013           | 965,711                | 2.67                                    |
| Washington                                | 752,985           |                                     | 606,800                | 606,800           | 603,390                | 1.67                                    |
| West Virginia                             | 471,284           |                                     | 396,179                | 396,179           | 389,681                | 1.08                                    |
| Wisconsin                                 | 741,853           |                                     | 669,436                | 669,436           | 706,703                | 1.95                                    |
| Wyoming                                   | 251,814           |                                     | 224,063                | 224,063           | 246,405                | 0.68                                    |
| American Samoa                            | 21,111            |                                     | 16,227                 | 16,227            | 13,767                 | 0.04                                    |
| Guam                                      | 28,739            |                                     | 22,091                 | 22,091            | 18,742                 | 0.05                                    |
| Northern Mariana Islands                  | 7,656             |                                     | 5,885                  | 5,885             | 4,993                  | 0.01                                    |
| Puerto Rico                               | 142,291           |                                     | 122,216                | 122,216           | 142,454                | 0.39                                    |
| Freely Associated States                  |                   |                                     |                        |                   |                        |                                         |
| Virgin Islands                            | 19,040            |                                     | 14,635                 | 14,635            | 12,417                 | 0.03                                    |
| Indian Tribes                             |                   |                                     |                        |                   |                        |                                         |
| Undistributed                             |                   |                                     | <sup>1</sup> 4,422,487 | 4,422,487         | <sup>1</sup> 6,004,485 |                                         |
| Port Authority of New York and New Jersey | 80,714            |                                     |                        |                   |                        |                                         |
| <b>Total</b>                              | <b>39,721,322</b> |                                     | <b>39,882,582</b>      | <b>39,882,582</b> | <b>42,189,000</b>      | <sup>2</sup> 100.00                     |

NOTE: This table also includes Budget account number 69-0504-0-1-401.

NOTE: The FY 2012 and FY 2013 columns are estimated distributions of Federal-aid highways obligation limitation plus exempt contract authority.

NOTE: The estimated FY 2013 obligation limitation distribution is calculated based on average annual apportionment shares under the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) and does not reflect any reauthorization proposal on apportionment formulas.

<sup>1</sup> This amount includes limitation/exempt funding for allocated programs, which has not been identified as being provided to a specific State at this time.<sup>2</sup> Excludes undistributed obligations.

Department of Transportation, Federal Transit Administration

69-8350-0-7-401

Table 18-35. TRANSIT FORMULA GRANTS PROGRAMS (20.507)

(Obligations in thousands of dollars)

| State or Territory       | FY 2011 Actual      | Estimated FY 2012 obligations from: |                     |                  | FY 2013 (estimated)  | FY 2013 Percentage of distributed total |
|--------------------------|---------------------|-------------------------------------|---------------------|------------------|----------------------|-----------------------------------------|
|                          |                     | Previous authority                  | New authority       | Total            |                      |                                         |
| Alabama                  | 40,027              | 38,187                              | 27,197              | 65,384           | 74,365               | 0.78                                    |
| Alaska                   | 76,774              | 6,352                               | 38,950              | 45,302           | 39,410               | 0.41                                    |
| Arizona                  | 194,032             | 53,398                              | 65,280              | 118,678          | 125,390              | 1.32                                    |
| Arkansas                 | 24,792              | 1,381                               | 22,337              | 23,718           | 19,462               | 0.20                                    |
| California               | 1,358,588           | 540,712                             | 692,873             | 1,233,585        | 1,294,725            | 13.62                                   |
| Colorado                 | 171,382             | 79,330                              | 91,737              | 171,067          | 182,164              | 1.92                                    |
| Connecticut              | 183,045             | 182,587                             | 110,198             | 292,785          | 339,983              | 3.58                                    |
| Delaware                 | 18,408              | 16,806                              | 15,162              | 31,968           | 35,236               | 0.37                                    |
| District of Columbia     | 316,971             | 71,205                              | 178,436             | 249,641          | 238,988              | 2.51                                    |
| Florida                  | 247,448             | 202,759                             | 235,802             | 438,561          | 466,639              | 4.91                                    |
| Georgia                  | 135,769             | 120,163                             | 126,520             | 246,683          | 266,161              | 2.80                                    |
| Hawaii                   | 39,369              | 57,811                              | 39,139              | 96,950           | 110,982              | 1.17                                    |
| Idaho                    | 11,758              | 7,036                               | 23,610              | 30,646           | 28,310               | 0.30                                    |
| Illinois                 | 504,962             | 72,901                              | 337,775             | 410,676          | 366,499              | 3.86                                    |
| Indiana                  | 81,424              | 24,680                              | 70,528              | 95,208           | 89,653               | 0.94                                    |
| Iowa                     | 60,341              | 6,237                               | 31,482              | 37,719           | 33,386               | 0.35                                    |
| Kansas                   | 26,591              | 14,436                              | 19,108              | 33,544           | 35,045               | 0.37                                    |
| Kentucky                 | 42,024              | 20,273                              | 31,587              | 51,860           | 52,949               | 0.56                                    |
| Louisiana                | 60,392              | 6,465                               | 41,770              | 48,235           | 41,783               | 0.44                                    |
| Maine                    | 16,742              | 5,267                               | 9,697               | 14,964           | 15,000               | 0.16                                    |
| Maryland                 | 103,031             | 75,476                              | 134,754             | 210,230          | 210,604              | 2.22                                    |
| Massachusetts            | 316,176             | 291,628                             | 135,525             | 427,153          | 511,222              | 5.38                                    |
| Michigan                 | 112,430             | 37,232                              | 100,866             | 138,098          | 130,905              | 1.38                                    |
| Minnesota                | 165,428             | 32,286                              | 90,377              | 122,663          | 115,801              | 1.22                                    |
| Mississippi              | 19,370              | 16,706                              | 15,044              | 31,750           | 35,005               | 0.37                                    |
| Missouri                 | 103,586             | 31,494                              | 78,280              | 109,774          | 105,199              | 1.11                                    |
| Montana                  | 15,991              | 2,611                               | 6,262               | 8,873            | 8,551                | 0.09                                    |
| Nebraska                 | 22,340              | 15,293                              | 18,634              | 33,927           | 35,863               | 0.38                                    |
| Nevada                   | 55,710              | 10,339                              | 30,916              | 41,255           | 38,634               | 0.41                                    |
| New Hampshire            | 12,328              | 7,508                               | 8,241               | 15,749           | 16,894               | 0.18                                    |
| New Jersey               | 559,478             | 98,084                              | 152,864             | 250,948          | 256,208              | 2.70                                    |
| New Mexico               | 34,808              | 17,427                              | 21,347              | 38,774           | 40,956               | 0.43                                    |
| New York                 | 1,319,813           | 929,334                             | 804,490             | 1,733,824        | 1,921,712            | 20.22                                   |
| North Carolina           | 126,512             | 68,610                              | 80,923              | 149,533          | 158,792              | 1.67                                    |
| North Dakota             | 15,296              | 3,773                               | 7,956               | 11,729           | 11,486               | 0.12                                    |
| Ohio                     | 260,754             | 55,661                              | 121,012             | 176,673          | 172,307              | 1.81                                    |
| Oklahoma                 | 47,707              | 3,296                               | 24,045              | 27,341           | 23,462               | 0.25                                    |
| Oregon                   | 125,989             | 20,480                              | 51,182              | 71,662           | 68,628               | 0.72                                    |
| Pennsylvania             | 414,260             | 68,894                              | 274,357             | 343,251          | 311,124              | 3.27                                    |
| Rhode Island             | 44,085              | 24,683                              | 20,880              | 45,563           | 50,660               | 0.53                                    |
| South Carolina           | 32,671              | 25,511                              | 28,408              | 53,919           | 57,722               | 0.61                                    |
| South Dakota             | 9,376               | 1,601                               | 6,944               | 8,545            | 7,677                | 0.08                                    |
| Tennessee                | 76,026              | 19,259                              | 57,662              | 76,921           | 72,023               | 0.76                                    |
| Texas                    | 451,018             | 238,793                             | 280,094             | 518,887          | 551,444              | 5.80                                    |
| Utah                     | 264,512             | 12,508                              | 69,578              | 82,086           | 72,013               | 0.76                                    |
| Vermont                  | 31,059              | 2,720                               | 3,175               | 5,895            | 6,269                | 0.07                                    |
| Virginia                 | 136,378             | 112,232                             | 90,003              | 202,235          | 226,469              | 2.38                                    |
| Washington               | 354,169             | 55,233                              | 161,835             | 217,068          | 203,780              | 2.14                                    |
| West Virginia            | 21,181              | 8,636                               | 13,830              | 22,466           | 22,850               | 0.24                                    |
| Wisconsin                | 81,368              | 12,638                              | 66,158              | 78,796           | 69,506               | 0.73                                    |
| Wyoming                  | 8,621               | 840                                 | 5,204               | 6,044            | 5,254                | 0.06                                    |
| American Samoa           | 1,062               | .....                               | 223                 | 223              | 175                  | *                                       |
| Guam                     | 992                 | .....                               | 1,116               | 1,116            | 877                  | 0.01                                    |
| Northern Mariana Islands | 933                 | .....                               | 627                 | 627              | 493                  | 0.01                                    |
| Puerto Rico              | 37,311              | 69,471                              | 36,331              | 105,802          | 124,961              | 1.31                                    |
| Freely Associated States | .....               | 1,378                               | .....               | 1,378            | 1,913                | 0.02                                    |
| Virgin Islands           | .....               | .....                               | .....               | .....            | .....                | .....                                   |
| Indian Tribes            | .....               | .....                               | .....               | .....            | .....                | .....                                   |
| Undistributed            | <sup>1</sup> 54,018 | <sup>2</sup> 68,658                 | <sup>3</sup> 47,285 | 115,943          | <sup>4</sup> 120,631 | .....                                   |
| <b>Total</b>             | <b>9,046,626</b>    | <b>3,968,279</b>                    | <b>5,255,616</b>    | <b>9,223,895</b> | <b>9,624,200</b>     | <b><sup>5</sup> 100.00</b>              |

\* \$500 or less or 0.005 percent or less.

NOTE: In addition to CFDA program number 20.207, this table also reflects obligations from CFDA program numbers 20.500, 20.505, 20.509, 20.513 and 20.521.

NOTE: The FY 2012 and 2013 columns are estimated distributions of transit obligation limitation.

NOTE: The FY 2013 obligation limitation distribution is calculated based on an average annual apportionment shares under the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) and does not reflect any reauthorization proposal on apportionment formulas.

<sup>1</sup> FY 2011 Undistributed is the Oversight takedown.<sup>2</sup> FY 2012 previous authority Undistributed line includes the Oversight takedown of \$35,782 and a undistributed amount of \$32,876.<sup>3</sup> FY 2012 new authority Undistributed line is the Oversight takedown.<sup>4</sup> FY 2013 Undistributed includes the Oversight takedown of \$75,000 and a undistributed amount of \$45,631.<sup>5</sup> Excludes undistributed obligations.

Environmental Protection Agency, Office of Water

68-0103-0-1-304

**Table 18-36. CAPITALIZATION GRANTS FOR CLEAN WATER STATE REVOLVING FUND (66.458)**

(Obligations in thousands of dollars)

| State or Territory             | FY 2011 Actual   | Estimated FY 2012 obligations from: |                  |                  | FY 2013 (estimated) | FY 2013 Percentage of distributed total |
|--------------------------------|------------------|-------------------------------------|------------------|------------------|---------------------|-----------------------------------------|
|                                |                  | Previous authority                  | New authority    | Total            |                     |                                         |
| Alabama .....                  | 167              | 16,101                              | 31               | 16,132           | 12,876              | 1.10                                    |
| Alaska .....                   | 8,927            | .....                               | 8,601            | 8,601            | 6,892               | 0.59                                    |
| Arizona .....                  | 16,182           | .....                               | 9,707            | 9,707            | 7,778               | 0.66                                    |
| Arkansas .....                 | 9,757            | .....                               | 9,401            | 9,401            | 7,533               | 0.64                                    |
| California .....               | 110,412          | .....                               | 102,399          | 102,399          | 82,356              | 7.01                                    |
| Colorado .....                 | 12,509           | .....                               | 11,496           | 11,496           | 9,211               | 0.78                                    |
| Connecticut .....              | 25,150           | .....                               | 17,606           | 17,606           | 14,107              | 1.20                                    |
| Delaware .....                 | 7,340            | .....                               | 7,055            | 7,055            | 5,653               | 0.48                                    |
| District of Columbia .....     | 24,448           | .....                               | 7,055            | 7,055            | 5,653               | 0.48                                    |
| Florida .....                  | 50,440           | .....                               | 48,511           | 48,511           | 38,869              | 3.31                                    |
| Georgia .....                  | 25,252           | .....                               | 24,299           | 24,299           | 19,469              | 1.66                                    |
| Hawaii .....                   | 27,492           | .....                               | 11,131           | 11,131           | 8,918               | 0.76                                    |
| Idaho .....                    | 7,322            | 21                                  | 7,034            | 7,055            | 5,653               | 0.48                                    |
| Illinois .....                 | 66,784           | 658                                 | 63,954           | 64,612           | 52,079              | 4.43                                    |
| Indiana .....                  | 36,288           | .....                               | 34,635           | 34,635           | 27,751              | 2.36                                    |
| Iowa .....                     | 27,756           | 19,489                              | 38               | 19,527           | 15,585              | 1.33                                    |
| Kansas .....                   | 31,891           | .....                               | 12,972           | 12,972           | 10,394              | 0.88                                    |
| Kentucky .....                 | 44,916           | .....                               | 18,291           | 18,291           | 14,656              | 1.25                                    |
| Louisiana .....                | 22,562           | 15,830                              | 31               | 15,861           | 12,659              | 1.08                                    |
| Maine .....                    | 11,547           | .....                               | 11,125           | 11,125           | 8,914               | 0.76                                    |
| Maryland .....                 | 36,075           | .....                               | 34,759           | 34,759           | 27,850              | 2.37                                    |
| Massachusetts .....            | 50,642           | .....                               | 48,794           | 48,794           | 39,096              | 3.33                                    |
| Michigan .....                 | 151,743          | .....                               | 61,794           | 61,794           | 49,513              | 4.21                                    |
| Minnesota .....                | 27,415           | 64                                  | 26,350           | 26,414           | 21,165              | 1.80                                    |
| Mississippi .....              | 13,438           | .....                               | 12,948           | 12,948           | 10,375              | 0.88                                    |
| Missouri .....                 | 56,483           | 40,322                              | 482              | 40,804           | 31,922              | 2.72                                    |
| Montana .....                  | 10,322           | .....                               | 7,055            | 7,055            | 5,653               | 0.48                                    |
| Nebraska .....                 | 7,629            | .....                               | 7,351            | 7,351            | 5,890               | 0.50                                    |
| Nevada .....                   | 7,322            | .....                               | 7,055            | 7,055            | 5,653               | 0.48                                    |
| New Hampshire .....            | 35,267           | .....                               | 14,362           | 14,362           | 11,507              | 0.98                                    |
| New Jersey .....               | 60,342           | 595                                 | 58,133           | 58,728           | 47,056              | 4.00                                    |
| New Mexico .....               | 13,811           | 5,626                               | 1,429            | 7,055            | 5,653               | 0.48                                    |
| New York .....                 | 168,657          | .....                               | 158,242          | 158,242          | 127,099             | 10.82                                   |
| North Carolina .....           | 671              | 25,747                              | 190              | 25,937           | 20,782              | 1.77                                    |
| North Dakota .....             | 10,103           | 7,042                               | 14               | 7,056            | 5,653               | 0.48                                    |
| Ohio .....                     | 199,830          | .....                               | 80,520           | 80,520           | 64,825              | 5.52                                    |
| Oklahoma .....                 | 14,332           | .....                               | 11,611           | 11,611           | 9,303               | 0.79                                    |
| Oregon .....                   | 16,850           | .....                               | 16,235           | 16,235           | 13,008              | 1.11                                    |
| Pennsylvania .....             | 59,159           | .....                               | 56,927           | 56,927           | 45,613              | 3.88                                    |
| Rhode Island .....             | 10,015           | .....                               | 9,650            | 9,650            | 7,732               | 0.66                                    |
| South Carolina .....           | 21,046           | 14,751                              | 29               | 14,780           | 11,797              | 1.00                                    |
| South Dakota .....             | 7,322            | .....                               | 7,055            | 7,055            | 5,653               | 0.48                                    |
| Tennessee .....                | 21,668           | .....                               | 20,877           | 20,877           | 16,728              | 1.42                                    |
| Texas .....                    | 68,175           | .....                               | 65,301           | 65,301           | 52,631              | 4.48                                    |
| Utah .....                     | 7,859            | .....                               | 7,572            | 7,572            | 6,067               | 0.52                                    |
| Vermont .....                  | 7,322            | .....                               | 7,055            | 7,055            | 5,653               | 0.48                                    |
| Virginia .....                 | 30,584           | .....                               | 29,412           | 29,412           | 23,566              | 2.01                                    |
| Washington .....               | 25,939           | .....                               | 24,992           | 24,992           | 20,025              | 1.70                                    |
| West Virginia .....            | 23,658           | .....                               | 22,403           | 22,403           | 17,951              | 1.53                                    |
| Wisconsin .....                | 55,486           | 38,930                              | 77               | 39,007           | 31,131              | 2.65                                    |
| Wyoming .....                  | 7,322            | .....                               | 7,055            | 7,055            | 5,653               | 0.48                                    |
| American Samoa .....           | 8,065            | .....                               | 7,786            | 7,786            | 6,238               | 0.53                                    |
| Guam .....                     | 7,317            | 5,122                               | 512              | 5,634            | 4,514               | 0.38                                    |
| Northern Mariana Islands ..... | 3,774            | .....                               | 3,619            | 3,619            | 2,899               | 0.25                                    |
| Puerto Rico .....              | 27,958           | 18,971                              | 227              | 19,198           | 15,019              | 1.28                                    |
| Freely Associated States ..... | .....            | .....                               | .....            | .....            | .....               | .....                                   |
| Virgin Islands .....           | 6,606            | 4,565                               | 49               | 4,614            | 3,621               | 0.31                                    |
| Indian Tribes .....            | 16,556           | 17,652                              | 11,677           | 29,329           | 23,500              | 2.00                                    |
| Undistributed .....            | .....            | .....                               | .....            | .....            | .....               | .....                                   |
| <b>Total .....</b>             | <b>1,863,904</b> | <b>231,486</b>                      | <b>1,234,970</b> | <b>1,466,456</b> | <b>1,175,000</b>    | <b>1 100.00</b>                         |

<sup>1</sup> Excludes undistributed obligations.

Environmental Protection Agency, Office of Water

68-0103-0-1-304

**Table 18–37. CAPITALIZATION GRANTS FOR DRINKING WATER STATE REVOLVING FUND (66.468)**  
(Obligations in thousands of dollars)

| State or Territory               | FY 2011 Actual   | Estimated FY 2012 obligations from: |                |                | FY 2013<br>(estimated) | FY 2013<br>Percentage of<br>distributed total |
|----------------------------------|------------------|-------------------------------------|----------------|----------------|------------------------|-----------------------------------------------|
|                                  |                  | Previous<br>authority               | New authority  | Total          |                        |                                               |
| Alabama .....                    | .....            | 11,157                              | 33             | 11,190         | 10,300                 | 1.21                                          |
| Alaska .....                     | 9,418            | 2,355                               | 6,621          | 8,976          | 8,310                  | 0.98                                          |
| Arizona .....                    | 21,970           | .....                               | 18,025         | 18,025         | 16,689                 | 1.97                                          |
| Arkansas .....                   | 20,539           | 13,242                              | 340            | 13,582         | 12,575                 | 1.48                                          |
| California .....                 | 87,587           | 773                                 | 82,239         | 83,012         | 77,739                 | 9.17                                          |
| Colorado .....                   | 16,439           | 627                                 | 15,292         | 15,919         | 14,739                 | 1.74                                          |
| Connecticut .....                | 13,573           | 8,747                               | 229            | 8,976          | 8,310                  | 0.98                                          |
| Delaware .....                   | 22,841           | 127                                 | 8,848          | 8,976          | 8,310                  | 0.98                                          |
| District of Columbia .....       | 18,235           | 743                                 | 8,233          | 8,976          | 8,310                  | 0.98                                          |
| Florida .....                    | 75,067           | .....                               | 28,361         | 28,361         | 27,133                 | 3.20                                          |
| Georgia .....                    | .....            | 24,059                              | 2,852          | 26,911         | 19,636                 | 2.32                                          |
| Hawaii .....                     | 22,841           | 127                                 | 8,848          | 8,976          | 8,310                  | 0.98                                          |
| Idaho .....                      | 9,418            | 677                                 | 8,299          | 8,976          | 8,310                  | 0.98                                          |
| Illinois .....                   | 35,644           | 453                                 | 32,481         | 32,934         | 31,366                 | 3.70                                          |
| Indiana .....                    | 15,709           | 370                                 | 14,600         | 14,970         | 13,860                 | 1.63                                          |
| Iowa .....                       | 23,169           | 14,940                              | 382            | 15,321         | 14,185                 | 1.67                                          |
| Kansas .....                     | 28,127           | .....                               | 10,981         | 10,981         | 10,167                 | 1.20                                          |
| Kentucky .....                   | 32,971           | 189                                 | 12,768         | 12,956         | 11,996                 | 1.41                                          |
| Louisiana .....                  | 7,695            | 16,817                              | 145            | 16,961         | 15,704                 | 1.85                                          |
| Maine .....                      | 9,268            | 486                                 | 8,489          | 8,976          | 8,310                  | 0.98                                          |
| Maryland .....                   | 20,066           | 609                                 | 13,316         | 13,926         | 12,893                 | 1.52                                          |
| Massachusetts .....              | 17,278           | 829                                 | 15,904         | 16,732         | 15,492                 | 1.83                                          |
| Michigan .....                   | 28,703           | 308                                 | 26,010         | 26,319         | 25,242                 | 2.98                                          |
| Minnesota .....                  | .....            | 14,969                              | 93             | 15,062         | 13,945                 | 1.64                                          |
| Mississippi .....                | .....            | 9,519                               | 178            | 9,697          | 8,648                  | 1.02                                          |
| Missouri .....                   | 26,234           | 16,918                              | 431            | 17,348         | 16,062                 | 1.89                                          |
| Montana .....                    | 9,268            | 7,034                               | 1,942          | 8,976          | 8,310                  | 0.98                                          |
| Nebraska .....                   | 9,418            | 265                                 | 8,711          | 8,976          | 8,310                  | 0.98                                          |
| Nevada .....                     | 9,268            | 405                                 | 8,571          | 8,976          | 8,310                  | 0.98                                          |
| New Hampshire .....              | 22,841           | 127                                 | 8,848          | 8,976          | 8,310                  | 0.98                                          |
| New Jersey .....                 | 20,120           | 265                                 | 17,965         | 18,230         | 17,752                 | 2.09                                          |
| New Mexico .....                 | 18,560           | 4,109                               | 4,867          | 8,976          | 8,310                  | 0.98                                          |
| New York .....                   | 62,099           | 465                                 | 57,728         | 58,193         | 54,753                 | 6.46                                          |
| North Carolina .....             | 35,593           | 22,957                              | 580            | 23,537         | 21,792                 | 2.57                                          |
| North Dakota .....               | 13,573           | 8,747                               | 229            | 8,976          | 8,310                  | 0.98                                          |
| Ohio .....                       | 89,194           | .....                               | 27,895         | 27,895         | 26,701                 | 3.15                                          |
| Oklahoma .....                   | 11,571           | 386                                 | 9,822          | 10,208         | 10,325                 | 1.22                                          |
| Oregon .....                     | 9,418            | 755                                 | 8,221          | 8,976          | 8,310                  | 0.98                                          |
| Pennsylvania .....               | 27,154           | 674                                 | 24,678         | 25,352         | 24,347                 | 2.87                                          |
| Rhode Island .....               | 13,573           | 8,747                               | 229            | 8,976          | 8,310                  | 0.98                                          |
| South Carolina .....             | 13,573           | 8,747                               | 229            | 8,976          | 8,310                  | 0.98                                          |
| South Dakota .....               | 9,268            | 405                                 | 8,571          | 8,976          | 8,310                  | 0.98                                          |
| Tennessee .....                  | 10,300           | 436                                 | 9,539          | 9,975          | 9,235                  | 1.09                                          |
| Texas .....                      | .....            | 56,727                              | 311            | 57,038         | 52,810                 | 6.23                                          |
| Utah .....                       | 9,268            | 405                                 | 8,571          | 8,976          | 8,310                  | 0.98                                          |
| Vermont .....                    | 13,573           | 8,749                               | 226            | 8,976          | 8,310                  | 0.98                                          |
| Virginia .....                   | 15,711           | 605                                 | 14,610         | 15,215         | 14,087                 | 1.66                                          |
| Washington .....                 | 24,044           | 496                                 | 21,474         | 21,970         | 21,215                 | 2.50                                          |
| West Virginia .....              | 9,597            | 518                                 | 8,458          | 8,976          | 8,310                  | 0.98                                          |
| Wisconsin .....                  | 23,399           | 17,131                              | 1,658          | 18,789         | 14,327                 | 1.69                                          |
| Wyoming .....                    | 10,421           | 405                                 | 8,571          | 8,976          | 8,310                  | 0.98                                          |
| American Samoa .....             | 1,404            | 228                                 | 1,132          | 1,360          | 1,259                  | 0.15                                          |
| Guam .....                       | 7,175            | 737                                 | 2,661          | 3,398          | 3,146                  | 0.37                                          |
| Northern Mariana Islands .....   | 4,251            | 15                                  | 4,051          | 4,066          | 3,764                  | 0.44                                          |
| Puerto Rico .....                | 13,573           | 8,747                               | 229            | 8,976          | 8,310                  | 0.98                                          |
| Freely Associated States .....   | .....            | .....                               | .....          | .....          | .....                  | .....                                         |
| Virgin Islands .....             | 7,851            | 3,739                               | 901            | 4,640          | 4,296                  | 0.51                                          |
| Indian Tribes .....              | 13,980           | 7,760                               | 10,598         | 18,358         | 17,000                 | 2.00                                          |
| Undistributed <sup>1</sup> ..... | 924              | 1,001                               | 999            | 2,000          | 2,000                  | .....                                         |
| <b>Total .....</b>               | <b>1,102,752</b> | <b>310,824</b>                      | <b>607,069</b> | <b>917,893</b> | <b>850,000</b>         | <b><sup>2</sup>100.00</b>                     |

<sup>1</sup> Undistributed includes all funds, FY 2011-2013, for the Unregulated Contaminant Monitoring Rule.<sup>2</sup> Excludes undistributed obligations.



Federal Communications Commission

27-5183-0-2-376

Table 18-38. UNIVERSAL SERVICE FUND E-RATE

(Obligations in thousands of dollars)

| State or Territory             | FY 2011 Actual   | Estimated FY 2012 obligations from: |                  |                  | FY 2013<br>(estimated) | FY 2013<br>Percentage of<br>distributed total |
|--------------------------------|------------------|-------------------------------------|------------------|------------------|------------------------|-----------------------------------------------|
|                                |                  | Previous<br>authority               | New authority    | Total            |                        |                                               |
| Alabama .....                  | 44,059           | .....                               | 45,499           | 45,499           | 42,203                 | 2.34                                          |
| Alaska .....                   | 22,913           | .....                               | 23,662           | 23,662           | 21,948                 | 1.22                                          |
| Arizona .....                  | 50,624           | .....                               | 52,278           | 52,278           | 48,491                 | 2.69                                          |
| Arkansas .....                 | 16,501           | .....                               | 17,040           | 17,040           | 15,806                 | 0.88                                          |
| California .....               | 270,798          | .....                               | 279,646          | 279,646          | 259,388                | 14.36                                         |
| Colorado .....                 | 24,069           | .....                               | 24,856           | 24,856           | 23,055                 | 1.28                                          |
| Connecticut .....              | 17,291           | .....                               | 17,856           | 17,856           | 16,562                 | 0.92                                          |
| Delaware .....                 | 2,065            | .....                               | 2,132            | 2,132            | 1,978                  | 0.11                                          |
| District of Columbia .....     | 5,913            | .....                               | 6,106            | 6,106            | 5,664                  | 0.31                                          |
| Florida .....                  | 69,038           | .....                               | 71,294           | 71,294           | 66,130                 | 3.66                                          |
| Georgia .....                  | 62,345           | .....                               | 64,382           | 64,382           | 59,719                 | 3.31                                          |
| Hawaii .....                   | 2,892            | .....                               | 2,986            | 2,986            | 2,770                  | 0.15                                          |
| Idaho .....                    | 6,993            | .....                               | 7,222            | 7,222            | 6,699                  | 0.37                                          |
| Illinois .....                 | 68,159           | .....                               | 70,386           | 70,386           | 65,288                 | 3.62                                          |
| Indiana .....                  | 29,998           | .....                               | 30,978           | 30,978           | 28,734                 | 1.59                                          |
| Iowa .....                     | 10,465           | .....                               | 10,807           | 10,807           | 10,024                 | 0.56                                          |
| Kansas .....                   | 12,605           | .....                               | 13,016           | 13,016           | 12,073                 | 0.67                                          |
| Kentucky .....                 | 34,332           | .....                               | 35,454           | 35,454           | 32,886                 | 1.82                                          |
| Louisiana .....                | 45,311           | .....                               | 46,792           | 46,792           | 43,402                 | 2.40                                          |
| Maine .....                    | 7,135            | .....                               | 7,368            | 7,368            | 6,834                  | 0.38                                          |
| Maryland .....                 | 15,240           | .....                               | 15,737           | 15,737           | 14,597                 | 0.81                                          |
| Massachusetts .....            | 24,501           | .....                               | 25,302           | 25,302           | 23,469                 | 1.30                                          |
| Michigan .....                 | 35,145           | .....                               | 36,293           | 36,293           | 33,664                 | 1.86                                          |
| Minnesota .....                | 17,946           | .....                               | 18,532           | 18,532           | 17,190                 | 0.95                                          |
| Mississippi .....              | 20,439           | .....                               | 21,107           | 21,107           | 19,578                 | 1.08                                          |
| Missouri .....                 | 33,637           | .....                               | 34,736           | 34,736           | 32,219                 | 1.78                                          |
| Montana .....                  | 3,126            | .....                               | 3,228            | 3,228            | 2,994                  | 0.17                                          |
| Nebraska .....                 | 8,718            | .....                               | 9,003            | 9,003            | 8,351                  | 0.46                                          |
| Nevada .....                   | 5,071            | .....                               | 5,237            | 5,237            | 4,857                  | 0.27                                          |
| New Hampshire .....            | 2,334            | .....                               | 2,410            | 2,410            | 2,236                  | 0.12                                          |
| New Jersey .....               | 49,168           | .....                               | 50,775           | 50,775           | 47,097                 | 2.61                                          |
| New Mexico .....               | 28,316           | .....                               | 29,241           | 29,241           | 27,123                 | 1.50                                          |
| New York .....                 | 150,126          | .....                               | 155,031          | 155,031          | 143,801                | 7.96                                          |
| North Carolina .....           | 57,045           | .....                               | 58,909           | 58,909           | 54,642                 | 3.03                                          |
| North Dakota .....             | 3,391            | .....                               | 3,502            | 3,502            | 3,248                  | 0.18                                          |
| Ohio .....                     | 59,669           | .....                               | 61,618           | 61,618           | 57,155                 | 3.17                                          |
| Oklahoma .....                 | 50,798           | .....                               | 52,458           | 52,458           | 48,658                 | 2.69                                          |
| Oregon .....                   | 12,582           | .....                               | 12,993           | 12,993           | 12,051                 | 0.67                                          |
| Pennsylvania .....             | 57,334           | .....                               | 59,208           | 59,208           | 54,919                 | 3.04                                          |
| Rhode Island .....             | 7,685            | .....                               | 7,936            | 7,936            | 7,361                  | 0.41                                          |
| South Carolina .....           | 43,585           | .....                               | 45,009           | 45,009           | 41,748                 | 2.31                                          |
| South Dakota .....             | 3,381            | .....                               | 3,492            | 3,492            | 3,239                  | 0.18                                          |
| Tennessee .....                | 44,819           | .....                               | 46,284           | 46,284           | 42,931                 | 2.38                                          |
| Texas .....                    | 207,953          | .....                               | 214,748          | 214,748          | 199,191                | 11.03                                         |
| Utah .....                     | 14,487           | .....                               | 14,960           | 14,960           | 13,876                 | 0.77                                          |
| Vermont .....                  | 1,431            | .....                               | 1,478            | 1,478            | 1,371                  | 0.08                                          |
| Virginia .....                 | 32,917           | .....                               | 33,993           | 33,993           | 31,530                 | 1.75                                          |
| Washington .....               | 25,640           | .....                               | 26,477           | 26,477           | 24,559                 | 1.36                                          |
| West Virginia .....            | 12,098           | .....                               | 12,493           | 12,493           | 11,588                 | 0.64                                          |
| Wisconsin .....                | 24,499           | .....                               | 25,299           | 25,299           | 23,467                 | 1.30                                          |
| Wyoming .....                  | 4,880            | .....                               | 5,040            | 5,040            | 4,675                  | 0.26                                          |
| American Samoa .....           | 3,641            | .....                               | 3,760            | 3,760            | 3,487                  | 0.19                                          |
| Guam .....                     | 142              | .....                               | 147              | 147              | 136                    | 0.01                                          |
| Northern Mariana Islands ..... | 646              | .....                               | 667              | 667              | 619                    | 0.03                                          |
| Puerto Rico .....              | 11,419           | .....                               | 11,792           | 11,792           | 10,938                 | 0.61                                          |
| Freely Associated States ..... | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Virgin Islands .....           | 7,829            | .....                               | 8,085            | 8,085            | 7,499                  | 0.42                                          |
| Indian Tribes .....            | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| Undistributed .....            | .....            | .....                               | .....            | .....            | .....                  | .....                                         |
| <b>Total .....</b>             | <b>1,885,144</b> | <b>.....</b>                        | <b>1,946,740</b> | <b>1,946,740</b> | <b>1,805,718</b>       | <b>1 100.00</b>                               |

<sup>1</sup> Excludes undistributed obligations.



## 19. STRENGTHENING FEDERAL STATISTICS

Federal statistical programs produce key information to illuminate public and private decisions on a range of topics, including the economy, the population, agriculture, crime, education, energy, the environment, health, science, and transportation. The share of budget resources spent on supporting Federal statistics is relatively modest—about 0.04 percent of GDP in non-decennial census years and roughly double that in decennial census years—but that funding is leveraged to inform crucial decisions in a wide variety of spheres. The ability of governments, businesses, and the general public to make appropriate decisions about budgets, employment, investments, taxes, and a host of other important matters depends critically on the ready availability of relevant, accurate, and timely Federal statistics.

The Federal statistical community remains alert for opportunities to improve these measures of our Nation's performance, which is critical to fostering long-term global competitiveness. For example, during 2011, Federal statistical agencies: (i) developed new tools to increase the transparency of information on college costs for parents, students, and policy makers (National Center for Education Statistics); (ii) expanded upon FBI data to provide the first publicly available national arrest estimates broken down by sex, age group, and race (Bureau of Justice Statistics); (iii) initiated collection of data on the number of "green jobs" by industry and State (Bureau of Labor Statistics); (iv) continued the timely release of major 2010 Census products and expanded the American Community Survey sample size to increase the accuracy of this fundamental data source (Census Bureau); (v) published the first estimates of data on veterans and military service members pursuing undergraduate or graduate studies (National Center for Education Statistics); (vi) published an Internet-based mapping tool that pinpoints the location of "food deserts" (i.e., low-income communities that lack ready access to healthy food) to identify new opportunities for business and employment and expand the availability of nutritious food (Economic Research Service); (vii) completed a new Cropland Data Layer for the 2010 crop year with higher resolution that improves the accuracy of cropland classification and the precision of the acreage estimates generated (National Agricultural Statistics Service); (viii) developed and released some of the first official estimates of gross domestic product for American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, and the U.S. Virgin Islands (Bureau of Economic Analysis); (ix) released a new report on domestic ethanol fuel production capacity (Energy Information Administration); (x) produced an analytic report mapping the results from individual State student assessments to results from the National Assessment for Educational Progress to provide a framework for com-

parisons across State assessments (National Center for Education Statistics); (xi) initiated work on a pilot survey to gather information about innovation among firms with fewer than five employees (National Center for Science and Engineering Statistics/NSF and Statistics of Income Division, IRS); (xii) developed a capacity to project selected income items for Social Security Disabled Worker beneficiaries (Office of Research, Evaluation, and Statistics, SSA); and (xiii) developed new data items related to economic stimulus programs, and other recently enacted legislation, that are administered through the tax system (Statistics of Income Division, IRS).

For Federal statistical programs to be useful to their wide range of users, the underlying data systems must be credible. To foster this credibility, Federal statistical programs seek to adhere to high-quality standards and to maintain integrity and efficiency in the production of data. As the collectors and providers of these basic statistics, the responsible agencies act as data stewards—balancing public information demands and decision-makers' needs for information with legal and ethical obligations to minimize reporting burden, respect respondents' privacy, and protect the confidentiality of the data provided to the Government. The Administration remains committed to maximizing the cost-effective use of resources for the collection of Federal statistics within a constrained fiscal environment. Accordingly, the President's plan to consolidate agencies focused on trade and competitiveness would merge statistical programs currently in the Department of Commerce, the Department of Labor, and the National Science Foundation into the new department; this proposal would be submitted to the Congress following enactment of consolidation authority, as proposed by the "Reforming and Consolidating Government Act of 2012." This chapter presents highlights of principal statistical agencies' 2013 budget proposals.

### Highlights of 2013 Program Budget Proposals

The programs that provide essential statistical information for use by governments, businesses, researchers, and the public are carried out by agencies spread across every department and several independent agencies. Excluding cyclical funding for the decennial census, approximately 40 percent of the total budget for these programs provides resources for 13 agencies or units that have statistical activities as their principal mission (see Table 19–1). The remaining funding supports work in more than 80 agencies or units that carry out statistical activities in conjunction with other missions such as providing services, conducting research, or implementing regulations. More comprehensive budget and program information about the Federal statistical system, including its core programs,

will be available in OMB's annual report, *Statistical Programs of the United States Government, Fiscal Year 2013*, when it is published later this year. The following highlights elaborate on the Administration's proposals for the programs of the principal Federal statistical agencies, giving particular attention to new initiatives and to other program changes, including terminations or reductions.

**Bureau of Economic Analysis (BEA):** Funding is requested to continue BEA's core programs and to: (1) continue to implement a critical modernization of the Bureau's information technology system that would lead directly to an increase in the operational efficiency and security of BEA's statistical production and analysis; (2) produce gross domestic product by industry on a quarterly basis to provide real-time information on the health and stability of sectors within the U.S. economy; and (3) provide measures of median, as well as mean, income and other measures of the distribution of income across households to improve understanding of how the business cycle affects U.S. households. In order to fund these priorities, BEA will seek operational efficiencies as well as modifications to reporting thresholds and published detail on surveys of operations of multinational corporations.

**Bureau of Justice Statistics (BJS):** Funding is requested to: (1) improve BJS' criminal victimization statistics derived from the National Crime Victimization Survey (NCVS) and continue to address recommendations of the 2008 National Research Council report, *Surveying Victims: Options for Conducting the National Crime Victimization Survey* with special emphasis on sub-national estimates and the crimes of rape and sexual assault; (2) explore the use of administrative records data in police and correctional agencies for providing statistical data in these areas including recidivism information, arrests, and offenses known to the police; (3) expand the surveys of inmates of prisons and jails to inform the process of re-entry; (4) maintain BJS' core statistical programs that provide law enforcement data from more than 3,000 local agencies on the organization and administration of police and sheriffs' departments; nationally representative prosecution data on resources, policies, and practices of local prosecutors; court and sentencing statistics, including Federal and State case processing data; data on correctional populations and facilities from Federal, State, and local governments; and information about prisoner re-entry and recidivism; and (5) continue to support the enhancement of criminal justice statistics available through State analysis centers.

**Bureau of Labor Statistics (BLS):** Funding is requested to provide support for ongoing BLS programs, and to: (1) modify the Consumer Expenditure survey to support the Census Bureau in its development of a supplemental statistical poverty measure; and (2) add an annual supplement to the Current Population Survey to capture data on contingent work and alternative work arrangements in even years, and on other topics in odd years. The funding request also includes program reductions that: (1) continue the elongation of National Longitudinal Surveys of Youth started in 2012; and (2) eliminate the International Labor Comparisons program.

**Bureau of Transportation Statistics (BTS):** Funding is requested to maintain BTS' core statistical programs, and to: (1) continue implementation of the 2012 Commodity Flow Survey; (2) develop and manage the International Freight Data System to support the Automated Commercial Environment/International Trade Data System; (3) enhance production of a core set of transportation performance indicators including the Transportation Services Index; (4) establish a Safety Data portal to serve U.S. DOT and other transportation safety communities; (5) initiate a long distance travel data program for use in making transportation investments; (6) deploy the performance metrics program to safeguard the quality of DOT data; and (7) reintroduce the international *Journal of Transportation and Statistics*. The budget proposes to move BTS along with the rest of the Research and Innovative Technology Administration to the Office of the Secretary of Transportation.

**Census Bureau:** Funding is requested to continue Census Bureau core programs, and to: (1) conduct the 2012 Economic Census and the 2012 Census of Governments, including distribution of, and data capture from, millions of census forms; (2) continue research and testing for the 2020 Census to support fundamental changes to program, business, operational, and technical processes; (3) complete the 2010 Count Question Resolution program and publish the Public Use Microdata Sample as well as the 2010 Census data products for Guam, American Samoa, Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands; and (4) expand research and production capacities in order to complement the official poverty measures with annual supplementary measures of poverty from the Current Population Survey.

**Economic Research Service (ERS):** Funding is requested to continue ERS' highest priority core programs, including research: (1) exploring how investments in rural people, business, and communities affect the capacity of rural economies to prosper in the new and changing global marketplace; (2) on economic issues related to developing natural resource policies and programs that respond to the need to protect and maintain the environment and the challenges of climate change while improving agricultural competitiveness and economic growth; (3) on production agriculture, domestic and international markets, Federal farm policies, and trade to develop and disseminate analysis of the U.S. food and agriculture sector's performance in the context of increasingly globalized markets; and (4) to evaluate the Nation's nutrition assistance programs, to study the relationship among the many factors that influence food choices and health outcomes including obesity, and to focus on enhancing methodologies for valuing societal benefits associated with reducing food safety risks.

**Energy Information Administration (EIA):** Funding is requested to maintain core energy statistics, analyses, and forecasting programs, and to: (1) restore important electricity trade data collection and add collection of monthly oil production data; (2) revitalize the energy consumption data program to enhance understanding of energy use and provide benchmarking and

performance measurement of energy efficiency programs; (3) modernize the systems and tools used to produce EIA's weekly petroleum and natural gas statistical reports, on which industry and market participants heavily rely; (4) enhance energy modeling and analytic capabilities to address a range of important topics, including international markets, short-term forecasts, end-use efficiency, refinery activities, the interrelationship of energy and financial markets, and the analysis of refined product markets; (5) leverage technology to more efficiently manage data collection and processing across the agency; and (6) enhance customer access and usability of EIA's information by developing more integrated and interactive dissemination platforms.

**National Agricultural Statistics Service (NASS):** Funding is requested to continue NASS' core programs, and to: (1) fully fund the Census of Agriculture during the peak data collection and processing year 2013; and (2) improve the quality of county estimates. Increases to support these initiatives will be partially offset by suspending the following programs for 2012 and 2013 -- Distiller Co-Products for Feed Survey, Nursery Report, and Post-Harvest Chemical Use Survey. In addition, NASS will reduce the frequency of chemical use reports and model Milk Production data in eight out of twelve months during the year.

**National Center for Education Statistics (NCES):** Funding is requested to continue NCES' core programs, and to: (1) conduct the National Assessment of Educational Progress, including administration of the 2013 national and State reading and mathematics assessments at grades 4, 8, and 12; (2) pilot a State-representative sample of the Program of International Student Assessment of 15 year-olds in reading, mathematics, and science for a limited number of participating States; (3) conduct a college choice follow-up data collection for the High School Longitudinal Study of 2009 cohort as it enters postsecondary education; (4) conduct field testing and development work for the Longitudinal Study of Early Adolescence; (5) continue developmental work on measuring adults' acquisition of education and training oriented toward work, including certificates and certifications, and begin collecting related data in partnership with other Federal statistical agencies; and (6) continue the development of State longitudinal data systems by assisting States in expanding their systems to include unit record data on students from prekindergarten through K-12 as well as postsecondary levels and by furthering the voluntary Common Education Data Standards to ensure interoperability of State systems.

**National Center for Health Statistics (NCHS):** Funding is requested to continue data collection, analysis, and dissemination activities for key national health data systems, including the National Vital Statistics System, National Health Interview Survey, National Health and Nutrition Examination Survey (NHANES), and National Health Care Surveys, and to continue to: (1) provide timely, accurate estimates of high priority health measures; (2) enhance the quality and usability of health data through improved access tools and tutorials; (3) use

birth and death data collected by the States for tracking priority health initiatives in prevention, cancer control, out-of-wedlock births, and teenage pregnancy; (4) monitor health care utilization through the family of provider surveys; (5) provide NHANES data on diet and nutrition, blood pressure, chronic diseases, and other health indicators; and (5) provide information annually and quarterly on the health status of the U.S. civilian non-institutionalized population through confidential household interviews conducted by the National Health Interview Survey. Requested funding would also support the expansion of Vital Statistics to fully implement electronic birth records in the eight remaining jurisdictions.

**National Center for Science and Engineering Statistics (NCSES), NSF:** Funding is requested to maintain and enhance ongoing programs, and to explore and increase support for emergent areas of responsibility ascribed to NCSES in Section 505 of the America COMPETES Reauthorization Act of 2010, including using the data it collects to support research on methodologies in areas related to NCSES' work, and supporting the education and training of researchers in the use of large-scale, nationally-representative data sets. As a cost-saving measure, NCSES will accelerate efforts to rely more heavily on data from the National Survey of College Graduates built from the American Community Survey to meet its needs for data on the overall science and engineering workforce.

**Office of Research, Evaluation, and Statistics (ORES), SSA:** Funding is requested to continue ORES' core programs, and to continue to: (1) modernize ORES' processes for developing and disseminating data from the Social Security Administration's major administrative data files for statistical purposes; (2) support outside surveys and linkage of SSA administrative data to surveys; (3) create new public use files of administrative data, such as earnings histories for a sample of Social Security Numbers, and information on samples of Social Security and Supplemental Security Income beneficiaries; (4) strengthen microsimulation models that estimate the distributional effects of proposed changes in Social Security programs; (5) develop a topical module for the redesign of the Survey of Income and Program Participation (SIPP) to address Social Security's data needs for microsimulation models, program evaluation, and analysis; (6) provide statistical and analytical support for initiatives to improve Social Security and other government agency programs; (7) fund retirement research through three Retirement Research Centers; and (8) expand disability research and commission expert studies on critical program design issues through the Disability Research Consortium.

**Statistics of Income Division (SOI), IRS:** Funding is requested to continue SOI's core programs, providing high quality statistical data derived from tax and information returns. Areas of special emphasis in 2013 will include: (1) further modernizing tax data collection systems by efficiently assimilating data captured from the electronic filing of tax and information returns to the SOI program; (2) integrating population and information return data with SOI-edited data to provide rich longitu-

dinal and/or cross-sector data that can be used to better understand the complex interaction between taxes and economic behavior; (3) developing improved statistical techniques for identifying and correcting outliers and data anomalies in IRS administrative population files;

(4) contributing data and analytical support to IRS' ongoing efforts to improve customer service, compliance, and employee satisfaction; and (5) partnering with tax policy experts within and outside of government to produce top quality research on important tax administration issues.

**Table 19–1. 2011–2013 BUDGET AUTHORITY FOR PRINCIPAL STATISTICAL AGENCIES<sup>1</sup>**

(In millions of dollars)

|                                                                                | 2011<br>Actual | Estimate |      |
|--------------------------------------------------------------------------------|----------------|----------|------|
|                                                                                |                | 2012     | 2013 |
| Bureau of Economic Analysis .....                                              | 93             | 92       | 97   |
| Bureau of Justice Statistics <sup>2</sup> .....                                | 68             | 53       | 68   |
| Bureau of Labor Statistics .....                                               | 610            | 609      | 618  |
| Bureau of Transportation Statistics .....                                      | 24             | 25       | 38   |
| Census Bureau <sup>3</sup> .....                                               | 1180           | 910      | 1000 |
| Salaries and Expenses <sup>3</sup> .....                                       | 289            | 276      | 289  |
| Periodic Censuses and Programs .....                                           | 891            | 634      | 711  |
| Economic Research Service .....                                                | 82             | 78       | 77   |
| Energy Information Administration .....                                        | 95             | 105      | 116  |
| National Agricultural Statistics Service <sup>4</sup> .....                    | 156            | 159      | 179  |
| National Center for Education Statistics <sup>5</sup> .....                    | 265            | 266      | 266  |
| Statistics <sup>5</sup> .....                                                  | 126            | 127      | 133  |
| Assessment .....                                                               | 130            | 130      | 125  |
| National Assessment Governing Board .....                                      | 9              | 9        | 8    |
| National Center for Health Statistics <sup>6</sup> .....                       | 139            | 139      | 162  |
| National Center for Science and Engineering Statistics, NSF <sup>7</sup> ..... | 42             | 44       | 42   |
| Office of Research, Evaluation, and Statistics, SSA .....                      | 29             | 29       | 29   |
| Statistics of Income Division, IRS .....                                       | 39             | 40       | 40   |

<sup>1</sup> Reflects any rescissions.

<sup>2</sup> Includes funds for management and administrative costs of \$8.3, \$8.3, and \$8.3 million in 2011, 2012, 2013, respectively, that were previously displayed separately.

<sup>3</sup> Salaries and Expenses funds include discretionary and mandatory funds.

<sup>4</sup> Includes funds for the periodic Census of Agriculture of \$33.1, \$41.6, and \$62.5 million in 2011, 2012, and 2013, respectively. The annual increases of \$8.5 million and \$20.9 million in Census funding are for the 2012 peak preparation year and 2013 final data collection and processing, respectively.

<sup>5</sup> Includes funds for salaries and expenses of \$18, \$18, and \$18 million in 2011, 2012, and 2013, respectively, that are reflected in the Institute of Education Sciences (IES) budget. In addition, NCES manages the IES grant program for the State Longitudinal Data System which is funded at \$42 million, \$38 million, and \$53 million in 2011, 2012, and 2013, respectively.

<sup>6</sup> All funds from the Public Health Service Evaluation Fund. The estimates do not include resources from the Prevention and Public Health Fund.

<sup>7</sup> Includes funds for salaries and expenses of \$6.9, \$7.6, and \$7.6 million in 2011, 2012, and 2013, respectively, that were previously displayed separately.

## 20. INFORMATION TECHNOLOGY

The Administration is committed to building a 21st century Government that is more efficient and effective for the American people. The strategic use of Federal information technology (IT) enables this transformation by maximizing the return on investment in IT through continued oversight and accountability; using technology to improve Government productivity and saving money; lowering barriers to citizen and business interaction with the Government; and bolstering cybersecurity. The cornerstone of the Administration's information technology strategy is the 25-Point Implementation Plan to Reform Federal Information Technology Management (referenced in this chapter as the Administration's *25-Point Plan*)<sup>1</sup>, which was released in December 2010.

Specific initiatives and accomplishments over the past year include the following:

- The Data Center Consolidation effort resulted in agencies committing to close nearly 1,100 data centers by 2015 (exceeding the original goal of 800), with 525 of those closures expected to be completed by the end of 2012 (over 25 percent of these closed in 2011). Consolidations are expected to save the Government \$3 billion by 2015, and result in more savings in the years beyond 2015.
- Based on the Cloud First policy, which makes the safe and secure adoption of cloud computing the default option for the Government, agencies reported that 40 services have already moved to the cloud. This movement to the cloud is consistent with industry best practices. An additional 79 services are slated for transition by June 2012, and more than 50 legacy systems have been eliminated. The adoption of cloud solutions has eliminated duplicative systems, while also integrating new levels of security, reliability, and functionality, to include collaboration, virtual meetings, and other innovations. As examples, the USDA is migrating 120,000 users across 5,000 locations to the cloud, which will reduce costs by \$27 million over five years, while the GSA has shifted 17,000 users to the cloud, and anticipates savings of \$15 million over five years.
- The past year has also demonstrated the continued success of the TechStat initiative, which provides evidence-based reviews of agency IT investments conducted between OMB and agency leadership. This approach has reduced the life-cycle costs for major IT investments by \$3 billion. The TechStat model has now been scaled to the agency level and each agency has strengthened their investment review process, ensuring a greater return on America's investment in IT through this rigorous process. The

result across all agencies is over \$900 million dollars in reduced costs, in addition to hundreds of management improvements stemming from these oversight and accountability reviews, bringing total cost implications of this accountability tool to nearly \$4 billion.

- IT workforce initiatives have also yielded success over the past year. To address a recognized need for strengthening the IT workforce, the Administration created a new job title (and a specialized position description) for IT program managers within the IT specialist job series, as part of ensuring that the largest, most complex IT investments in the Government are managed by experienced, talented individuals. Additionally, the Presidential Technology Fellows Program was launched, which will reduce the barriers to entering public service, and provide access to unique career opportunities in Federal agencies to highly talented technology professionals.

In 2012-2013, building on the progress of the last two-and-a-half years, the Administration will continue to drive innovation in Government and make investments in technology that better serves the American people through the following priority focus areas.

### MAXIMIZING RETURN ON INVESTMENT (ROI)

The first focus area will be on maximizing the return on American taxpayers' investment in the Government's nearly \$80 billion IT budget (described below), by driving efficiency throughout the Federal enterprise. As indicated above, improved oversight of Government IT projects through the TechStat process over the last two years has avoided future costs of almost \$4 billion, while at the same time accelerating the delivery of modular, usable, components. By continuing to hold each agency accountable for driving these kinds of reforms, savings can be driven across Government and reinvested in services that benefit the American people.

**Federal Spending on IT**—The total planned spending on IT in FY 2013 (see **Table 20-1**) is \$78.9 billion, a 1.2 percent decrease from the 2012 enacted level of \$79.8 billion. As **Table 20-1** shows, this overall reduction is driven by declines in Department of Defense IT spending, which dominates the smaller increases in major civilian agencies. Spending estimates displayed in **Chart 20-1** depict how the historical growth in overall IT spending (7.1 percent per year over 2001-2009), has effectively been halted (zero growth over 2009-2013). Further, as more detailed data on the IT Dashboard (see: <http://www.itdashboard.gov/>) show, even as overall spending is restrained, the civilian agencies' share spent on enhancement and modernization of IT assets is increasing.

<sup>1</sup> <http://www.cio.gov/documents/25-Point-Implementation-Plan-to-Reform-Federal%20IT.pdf>.

**Table 20-1. FEDERAL IT SPENDING 2011-2013, INCLUDING MAJOR FEDERAL IT INVESTMENTS**  
(Spending in millions of dollars)

|                                                              | 2011   | 2012   | 2013   |
|--------------------------------------------------------------|--------|--------|--------|
| Major IT Investment Spending (Defense) .....                 | 12,796 | 14,460 | 13,422 |
| Major IT Investment Spending (Major Civilian Agencies) ..... | 26,591 | 26,732 | 26,866 |
| Major IT Investment Spending (Total) .....                   | 39,387 | 41,192 | 40,288 |
| All IT Investment Spending (Defense) .....                   | 35,413 | 38,593 | 37,203 |
| All IT Investment Spending (Major Civilian Agencies) .....   | 41,094 | 41,243 | 41,702 |
| All IT Investment Spending (Total) .....                     | 76,507 | 79,835 | 78,906 |

Note: Agency estimates for the FY 2013 Budget. Department of Defense estimates for some investments, for which details are classified, are not reported to the IT Dashboard. However, summary information on spending for these investments is not classified, and these investments are therefore included in the above totals.

**Shifting the Focus from Capital Investment to Operating Expenses**—In 2012-2013, having realized significant economies through better management of agencies’ capital investments in IT over 2010-2011, the Administration will broaden its approach by encouraging a shift from a capital intensive model to a more agile, operational focus. In 2012 agency CIOs will be reviewing entire agency IT portfolios for potential savings, prioritizing cloud implementation, commodity IT, and intra-agency shared services.

**Data Center Consolidation**—In 2010-2011, the Administration prioritized data center consolidation to maximize the effectiveness of Federal IT assets and deliver improved return on investment for infrastructure. By shutting down, optimizing and consolidating data centers, we can save taxpayers billions of dollars, curb spending on underutilized infrastructure, focus more resources on modernizing services the American people depend on, reduce our cyber security threat posture, increase sustainability within data centers, unlock capital, and enable agencies to reinvest in transformational IT investments, including cloud solutions.

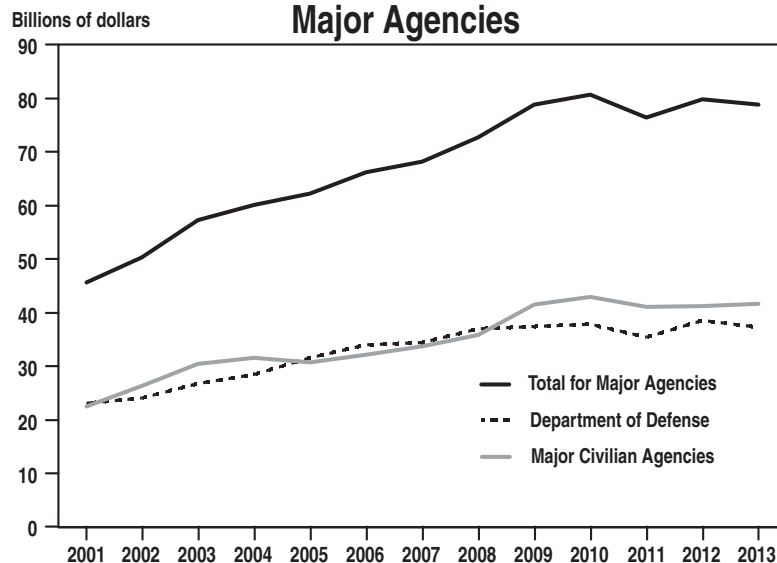
A second important element of the data center consolidation efforts is to focus on enhancing the productivity of

the data centers that remain in our inventory. This means a shift from the historical model where the Government set up redundant data centers that used too much energy, wasted valuable real estate and failed to take advantage of the installed computing capacity. Moving forward, the Government will shift to a newer operating model that requires Agencies to review existing data center capacity for use before investing in a potentially duplicative capability.

Recently, the Administration announced that agencies plan to close nearly 1,100 data centers through 2015, with 525 of those closures expected to be complete by the end of 2012 (over 25 percent of these closed in 2011). Agencies’ planned closures exceed the Government’s goal to close over 800 data centers set forth the Administration’s *25-Point Plan*, a goal currently being revised upward. More importantly, consolidation efforts are expected to save the Federal Government \$3 billion by 2015, and result in more savings in the years beyond 2015.

In 2012-2013, the Federal Data Center Consolidation Task Force, an interagency body that drives consolidation within Federal agencies, will further advance a data center marketplace designed to allow agencies to leverage unused capacity across the Government, improve a total cost model which provides a consistent way to derive con-

**Chart 20-1. Trends in IT Spending for Major Agencies**





solidation savings, and continue sharing best practices and lessons learned from the public and private sectors.

**Cloud Computing**—Since the Federal Cloud Computing Initiative was launched in 2009, the Administration has made a Cloud First Policy an important part of the *25 Point Plan*<sup>2</sup>. This policy explains how cloud computing will enable the Government to eliminate duplicative systems and applications, fragmented resources, and underutilized technology assets.

The Cloud First policy is intended to accelerate the pace at which the Federal Government will realize the value of cloud computing. It requires agencies to evaluate safe, secure cloud computing options before making any new investments. Under this policy, the Government will fundamentally change the way it buys information technology by shifting from an asset mindset to one of service delivery. As a result, Federal agencies using cloud solutions will improve their IT portfolio to save money, increase innovation, maximize asset utilization, and improve IT responsiveness.

In 2011, under the IT Reform Plan, Federal agencies migrated 40 services to cloud computing environments, with an additional 39 services to be migrated in 2012. With these migrations, cloud computing has become an integral part in helping the Federal Government operate its IT assets more efficiently, thereby providing increased service delivery to citizens. As more Government systems and users move to cloud computing environments, the Federal Government needs to ensure the safety, security and reliability of its data.

In order address these issues and meet the increasing demand of cloud migrations, the Administration has established the Federal Risk Authorization Management Program (FedRAMP). The Program introduces an innovative policy approach to developing trusted relationships between agencies and cloud service providers. Currently, the Federal Government spends hundreds of millions of dollars a year securing the use of IT systems in a duplicative, inconsistent, and time consuming manner. FedRAMP establishes a standardized approach to security assessment, authorization, and continuous monitoring for cloud solutions. Using a “do once, use many times” framework, Federal agencies will reduce the cost, time, and staff currently associated with conducting agency security assessments. Agencies will also be able to take advantage of a uniform risk management approach that utilizes a standard set of security controls, thereby increasing the Government’s overall cybersecurity posture. FedRAMP is intended to reduce approximately 30-40% of government-wide costs associated with assessing, authorizing, and continuously monitoring cloud solutions.

**Improved IT Dashboard**—As experience with real-time monitoring of agency IT investment data on the IT Dashboard has grown, the Office of Management and Budget (OMB), in close collaboration with agencies and with input from the General Accounting Office (GAO), has undertaken to improve the quality and focus of data collection for this flagship transparency site. In 2012, the IT

Dashboard will be updated with all new data schema and historical trend data, building on the recommendations of an interagency working group and providing even greater transparency into the Federal IT investment portfolio. More targeted and detailed data on major IT development activities will allow closer oversight, and assist Agency Heads and CIOs in intervening early to prevent schedule delays, cost overruns, and failures to deliver key functionality needed by Federal programs.

Greater focus on operational metrics will be emphasized in 2012, supporting the drive for greater efficiency through policies on managing spending on commodity IT, and a renewed emphasis on shared services. Additionally, improved interfaces of agency IT management systems with the IT Dashboard will further improve oversight and the quality of the data. Already, the IT Dashboard is setting an example for a more open, accessible approach to the evolution of Federal Government systems, through its open source policy, with IT Dashboard application code available since March 31, 2011 at <http://sourceforge.net/projects/it-dashboard/>. This approach was expanded in late in 2011 to include open discussion forums at this site.

**IT Management Oversight (TechStats)**—Since January 2010, the IT Dashboard has been used by OMB to inform an oversight process of “TechStat” accountability sessions. A TechStat is a face-to-face, evidence-based review of an IT investment, where all stakeholders in a project are convened to diagnose problems and agree on solutions. TechStat reviews address what had been a major weakness in prior oversight models, by accelerating the intervention in troubled projects to produce immediate impacts through timely corrective actions, and often avoid significant costs, particularly in cases where projects are halted or terminated.

With the release of the 25 Point Plan in December 2010, the second phase of TechStat was initiated, in which agency CIOs led TechStats at the departmental level. In order to ensure TechStats built upon existing best practices within agencies that had already launched aggressive Investment Review Boards (IRBs), OMB worked with a task force of agency leads to develop, document, and release the TechStat Toolkit, a comprehensive guide to holding TechStats at the agency-level. To ensure that the desired outcomes were well-understood by agency TechStat leads, OMB held in-person training sessions through February 2011 in which all CFO-Act agencies<sup>3</sup> sent at least one representative.

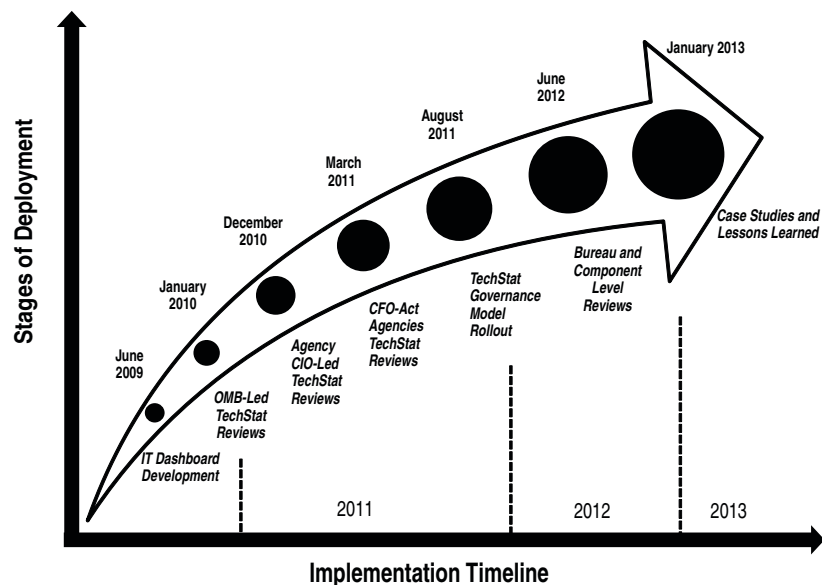
By March 2011, all CFO-Act agencies were required to hold at least one agency-led TechStat. Since then, agencies have continued to hold sessions on an ongoing basis. In August 2011, OMB took an additional step to support the rollout of the TechStat governance model to the agency level with the issuance of the OMB’s Memorandum entitled “Chief Information Officer Authorities”<sup>4</sup>. This memo-

<sup>2</sup> Federal Cloud Computing Strategy, February 8, 2011, U.S. Chief Information Officer, The White House. See: <http://www.cio.gov/documents/Federal-Cloud-Computing-Strategy.pdf>.

<sup>3</sup> The CFO Act refers to the Chief Financial Officer and Federal Financial Reform Act of 1990, Public Law 101-576. This law addresses, in particular, requirements targeting 24 Federal agencies, including all Cabinet-level Departments and some independent agencies, generally referred to as “CFO Act” agencies.

<sup>4</sup> OMB Memorandum M-11-29, dated Aug. 8, 2011. Subject: “Chief Information Officer Authorities.” See: <http://www.whitehouse.gov/sites/default/files/omb/memoranda/2011/m11-29.pdf>

## Chart 20-2. The Evolution of the TechStat Review Process



randum directs “changing the role of Agency CIOs away from just policymaking and infrastructure maintenance, to encompass true portfolio management for all IT.” As noted in the memorandum, the goal of such reviews is to terminate or turn around “one third of all underperforming IT Investments by June 2012.” To date, CIOs across the Government have held 294 agency-led TechStats, and the results of these reviews have enabled agencies to achieve over \$900 million in cost implications (e.g. cost savings, life cycle cost avoidance, and/or reallocation of funding).

**Shared First**—Shared First is an initiative aimed at rooting out waste and duplication across the Federal IT portfolio. Through the Shared First initiative, agencies will identify opportunities to shift to intra-agency commodity IT shared services, leverage technology, procurement, and best practices across the whole of government, and build on existing investments rather than supporting a multitude of agency efforts. OMB Memorandum M-11-29, referenced above, was the first step towards establishing and communicating the Shared First initiative. This memorandum directs Agency CIOs to pool their agency’s purchasing power across the entire organization to drive down costs and improve service for commodity IT, while capitalizing on shared services (intra- and inter- agency) instead of standing up duplicative services. OMB’s Shared IT Services Strategy, to be issued in 2012, will detail how Agencies should plan for, and implement, a short- and long- term shared services approach in fiscal year 2012 and beyond.

**Strengthening the IT Workforce**—The Administration has worked with the Office of Personnel Management (OPM) to professionalize program management by creating a formal, Government-wide IT program manager career path. Project success also depends on cross functional teams skilled in key disciplines to sup-

port comprehensive program management approaches. Improving IT acquisition outcomes is also improved by developing specialized IT acquisition cadres which focus on requirements development and provide targeted support where program risks are the greatest. Now no major IT project is allowed to proceed until senior agency officials ensure that a complete and dedicated integrated program team is in place. The Administration’s improved Federal Acquisition Certification for Contracting Officer’s Representatives strengthens this key role in Federal acquisition to ensure that contractors meet the commitments of their contracts.

To attract critical new talent the Administration created the Presidential Technology Fellows Program, which will reduce barriers to entry for talented graduate-level IT professionals. Designed to integrate the next generation of IT professionals, this program will allow the Federal Government to tap into an emerging talent pool and begin to build a sustainable pipeline of human capital. The Entrepreneur in Residence program was also initiated, which enables the Government to capitalize on subject matter experts across various communities to bring innovative practices and technologies into the government.

**IT Reform – Employing Best Practices**—As part of the *25-Point Plan*, the Federal CIO Council in 2011 launched a Best Practices platform on *CIO.gov* to provide agency case studies that demonstrate best practices in managing large-scale Federal IT systems.<sup>5</sup> This platform will be expanded in FY2012 and beyond. The Administration has encouraged agencies to develop practices that will ensure early, frequent, and constructive communication during the acquisition process to ensure that the government clearly understands the marketplace and can obtain an effective solution at a reasonable price.

<sup>5</sup> Federal CIO Council, [http://www.cio.gov/modules/best\\_practices/](http://www.cio.gov/modules/best_practices/).

## CLOSING THE PRODUCTIVITY GAP—A 21ST CENTURY GOVERNMENT

To help close the productivity gap between the private sector and the Federal Government, the Administration is focused on enabling a “future ready” workforce equipped with the modern tools and technologies they need to serve the American people effectively. This includes initiatives such as developing smart telework policies that give employees increased flexibility, reducing the real estate footprint, and better enabling the Government to function effectively during an emergency. Additionally, this strategy will enable the Government to think strategically about how it buys, manages and uses mobile devices and collaboration tools cost-effectively and securely.

Overall, the Government needs to shift away from a paper-based mindset and focus on delivering information efficiently and effectively using digital tools. The following initiatives will support this strategy.

**Future-Ready Architecture** -- Agencies continue to face the challenge of having to provide new or updated IT services with limited resources. In 2012-2013, the Administration will develop guidance that promotes more agile, modular development, and contracting practices, and emerging technologies to speed the delivery of value and lower the risk of failure in IT projects.

**Transition to Internet Protocol Version 6 (IPv6)**—In September 2010, OMB issued a memorandum<sup>6</sup> requiring Executive Branch agencies to operationally deploy native Internet Protocol Version 6 (IPv6) for public Internet servers and internal applications that communicate with public servers. This directive builds upon an August 2005 memorandum<sup>7</sup>, Transition Planning for Internet Protocol Version 6 (IPv6), which led to the key early step of IPv6 being deployed in all Federal Government agency network backbones in 2008.

**Accelerating Federal Mobility**—Agencies are increasingly using mobile technologies (e.g., laptops, smartphones, tablets, location-based services, hand-held scanners, wi-fi, etc.) to provide information, products, and services to customers and to facilitate internal and external communications, collaboration, and operations. However, agencies need stronger policies and procedures to ensure that mobile technologies/services are acquired and used strategically and securely. Mobility efforts are frequently developed and managed at the program-level, and valuable resources or lessons learned are not shared across the enterprise. Recent GAO and OMB internal reports have found gaps in security in current mobile systems and controls. The procurement of mobile devices is often scattered across the agency, bypassing enterprise-wide efforts designed to leverage bulk purchasing discounts. The Administration will publish a Mobile Strategy in FY2012 to ensure that the Federal Government cost-effectively capitalizes on mobility solutions.

<sup>6</sup> Memorandum dated Sept. 28, 2011. Subject: “Transition to IPv6.” See: <http://www.cio.gov/Documents/IPv6MemoFINAL.pdf>.

<sup>7</sup> Memorandum dated Aug. 5, 2005. Subject: “Transition Planning for Internet Protocol Version 6 (IPv6).” See: <http://www.whitehouse.gov/sites/default/files/omb/assets/omb/memoranda/fy2005/m05-22.pdf>.

## BUSINESS/CITIZEN INTERACTION AND NATIONAL PRIORITIES

Creating a more transparent and open Government which better serves national priorities is one of the fundamental objectives of this Administration. In the areas of transparency, key recent initiatives include two projects stemming from recommendations of the President’s Council on Jobs and Competitiveness<sup>8</sup>—the Federal Infrastructure Projects Dashboard (Permitting Dashboard) and Business USA. The Administration also continues to make advances in Health IT, responding particularly to the Affordable Care Act, as well as to important health and productivity rationales that motivate the Nation to continue moving forward in this area. And, in a world that is increasingly seeing all aspects of our daily lives reflected on the Internet, the Administration has recognized that the growth of the Federal presence on the web has led to a need for a reform of “.Gov” domains controlled by Federal agencies. The specific focus areas under this priority include the following.

**The Federal Infrastructure Projects Dashboard**—The Federal Government plays a critical role in helping infrastructure projects advance as quickly as possible by making the permitting process more efficient, expediting environmental reviews, and improving coordination between agencies to ensure that timely progress is made on projects that support the vital economic growth of our nation. In November 2011, the beta version of the Federal Infrastructure Projects Dashboard (<http://permits.performance.gov/>) was launched to increase transparency around Federal permitting processes by providing the public with easy access to data on 14 high priority infrastructure projects across five lead agencies: HUD, DOT, USDA, Interior, and Commerce. These projects were identified pursuant to an August 2011 Presidential Memorandum<sup>9</sup>, in which the President directed Federal agencies to expedite environmental review and permitting processes for selected infrastructure projects that will create a significant number of jobs, and to improve the accountability, transparency, and efficiency of these processes.

**BusinessUSA**—When businesses work with the Federal Government, they should feel like they are dealing with one entity, not dozens of separate bureaucratic silos. To provide a suite of business services for our entrepreneurs, we need to break down silos in the Federal Government, both in Washington and across the country, and across all levels of Government and industry. On October 28th, 2011<sup>10</sup>, the President issued a challenge to Federal agencies to make it easier for businesses to access

<sup>8</sup> <http://www.whitehouse.gov/administration/advisory-boards/jobs-council>.

<sup>9</sup> Presidential Memorandum dated Aug. 31, 2011. Subject: “Speeding Infrastructure Development through More Efficient and Effective Permitting and Environmental Review.” See: <http://www.whitehouse.gov/the-press-office/2011/08/31/presidential-memorandum-speeding-infrastructure-development-through-more>.

<sup>10</sup> Presidential Memorandum dated Oct. 28, 2011. Subject: Making it Easier for America’s Small Businesses and America’s Exporters to Access Government Services to Help Them Grow and Hire. See: <http://www.whitehouse.gov/the-press-office/2011/10/28/presidential-memorandum-making-it-easier-americas-small-businesses-and-a>.

the full range of Government programs and services. As a result, the BusinessUSA initiative was established to create a comprehensive online platform for business and for all firms seeking to export their products, providing easy access to the wide range of relevant and timely Federal Government data, information and services. Moreover, this platform is being designed to be portable and re-usable for easy adoption by other mission areas throughout government.

**Transforming *Data.gov***—Free open Government data is critical to the efficiency of agencies and the Nation's economy. *Data.gov*, launched in early 2009, has enabled the public to easily find, access, understand, and use data generated by the Federal Government. It was launched with just 47 datasets, but today, the count of datasets is 400,000 and growing. Additionally, *Geodata.gov* has been integrated with *Data.gov* so that users can locate geospatial data and other data types in one location. A primary goal of improved access to Federal data is to expand creative uses of agency data beyond government, through innovative private sector web-based applications, strengthening democracy and the economy.

Through revolutionary communities such as *Health.data.gov* and *Energy.data.gov*, *Data.gov* is able to bring together American citizens and people from across the globe to share information, collaborate to solve problems, and organize collective action. *Data.gov* is also a leader in the international Open Government movement. As part of the India-U.S. Dialogue on Open Government launched in November 2010, the two countries have committed to jointly develop an open source *Data.gov* platform by the first quarter of 2012 to be taken to interested countries globally. This initiative will lead to an open source platform available for implementation by nations around the world, encouraging governments to stand up open data sites that promote transparency, citizen engagement, and economic benefits worldwide. By relying on a design using modern development strategies, this will facilitate technical innovations from a wider community, and provide more flexibility to users adopting the code.

**Health IT**—The Federal Health IT Task Force has made critical progress in the government-wide development, implementation and coordination of health IT policy; one high-priority area has been the alignment of Federal investments in health IT. In August 2011, the Deputy Administrator of E-Government & Information Technology and the National Coordinator for Health IT (ONC) issued guidance<sup>11</sup> re-emphasizing key health IT policy and technology principles developed through a consensus process by members of the Federal Health IT task force, including all major agencies with health IT programs.

The goal of these principles is to encourage better strategic alignment of health IT investments by guiding modernization strategies for existing systems, as well as new investment decisions. Agencies were asked to demonstrate how they plan to incorporate the policy and tech-

nology principles into future health IT investments and to provide specific examples for improving health and health care, promoting open government, securely sharing health information between providers for treatment purposes to enable better care, being a trusted steward of taxpayer dollars, and protecting privacy and security. Agencies will continue achieving alignment with the key health IT policy and technology principles for FY 2013 and beyond.

In September 2011, the Federal Health IT Strategic Plan: 2011-2015 was published.<sup>12</sup> This strategic plan was developed under the leadership of ONC, in close collaboration with other Federal partners, and incorporated public feedback. This strategic plan reflects Federal priorities to help eligible providers become meaningful users of health IT, support implementation of the Affordable Care Act, protect individuals' privacy, empower consumers with access to their health information, and support enhanced learning and innovation.

**Government Web Domain (.GOV) Reform**—The .gov reform effort, part of the Administration's *Campaign to Cut Waste*, is identifying unnecessary websites that can be consolidated to reduce costs and improve the quality of service to the American public. The President signed Executive Order 13571<sup>13</sup>, "*Streamlining Service Delivery and Improving Customer Service*," April 27, 2011, which requires Federal agencies to take specific steps to strengthen customer service, including how services and information are delivered on Federal ".gov" websites. This effort will eliminate and improve websites that are redundant, outdated, hard to use, or have poorly maintained content, which will lead to an improved online experience when the public interacts with Federal agencies. While many Federal websites provide taxpayers with valuable services and information, the proliferation of separate websites over many years, resulting in thousands of unique Federal .gov domains and websites, has made it sometimes difficult for users to find the content they need. The Administration, guided by input from the public, has moved to address these problems.

***USASpending.gov/FFATA/Grants/Contracts***—In FY 2012 *USASpending.gov* will continue to provide prime award information on contracts, grants, direct payments, insurance, loans, and other federal spending in one searchable location. *USASpending.gov* will also go on providing subaward data on contracts and grants while evolving to improve functionality. Additionally, the IT Dashboard continues to provide linkages from its IT investments data on major IT investments, to the contracts data pertaining to IT acquisitions.

**Performance**—The first version of *Performance.gov*, launched in FY 2011, continues to deliver value to agencies and the Administration, by serving as a central source for Federal performance information. This initial release was an important step toward meeting the trans-

<sup>11</sup> Memorandum dated Aug. 1, 2011; Subject: Health Information Technology Guidance, from the Deputy Federal CIO and National Coordinator for Health Information Technology, to selected agencies.

<sup>12</sup> Federal Health IT Strategic Plan 2011-2015. See: [http://healthit.hhs.gov/portal/server.pt/community/federal\\_health\\_it\\_strategic\\_plan\\_-\\_overview/1211](http://healthit.hhs.gov/portal/server.pt/community/federal_health_it_strategic_plan_-_overview/1211)

<sup>13</sup> <http://www.whitehouse.gov/the-press-office/2011/04/27/executive-order-13571-streamlining-service-delivery-and-improving-custom>.

parency requirements of the Government Performance and Results Modernization Act (GPRAMA)<sup>14</sup>, which requires performance information to be published to a central website in machine readable format, along with a list of Federal programs. Updates to the site will continue through 2012, to including agency strategic goals and objectives, and culminating in the full set of information required by the GPRAMA in machine readable format. This information will provide easier access to information on the work the Federal Government does, and how well it is doing at delivering results. This is useful for both external audiences, in terms of transparency, but also as a tool for internal management.

## CYBERSECURITY AND PRIVACY

America depends on Federal agencies for essential services, ranging from disaster assistance to Social Security to national defense. These services, in turn, rely on a safe, secure, and resilient Government information and communications infrastructure. Threats to this infrastructure—whether from criminal elements or nation-states—continue to grow in number and sophistication, creating the potential that essential services could be degraded or interrupted, and confidential information stolen or compromised, with serious effects.

- **Securing the Nation's IT Infrastructure**—In order to address the challenges ahead, the Administration's cybersecurity team will continue its vigorous and extensive build-out of technical and policy protection capabilities for Government systems, expand its partnerships with the private sector, and work with Congress to clarify roles and authorities. The Administration will assist and strengthen the abilities of Federal agencies to protect their infrastructure and data. Specifically, the Administration will:
  - **Assess and Improve the Effectiveness of Cybersecurity Defenses.** The Department of Homeland Security (DHS) will work with agencies to conduct objective assessments of agency infrastructures to determine operational readiness and cybersecurity risk. The results of these objective assessments will directly inform mitigation efforts to improve our overall security posture.
  - **CyberStat Sessions.** DHS will continue work with agencies to identify and correct weaknesses in cybersecurity programs. The reviews provide the opportunity for Agencies to identify the cybersecurity capability areas where they may be facing implementation maturity roadblocks, (e.g. technology, organizational culture, internal process, or human capital/financial resource challenges). In addition, CyberStat Reviews highlight areas where Agencies are meeting and exceeding required standards.
  - **Enhance Cybersecurity Program Monitoring,**

**Management, and Reporting Under the Federal Information Security Management Act (FISMA).** DHS will continue to focus FISMA on outcome-oriented measures that are quantitative, specific, and focused on reduction of risk. This will include an expansion of continuous monitoring.

- **Mature Critical Standards and Guidance.** The Administration will collaboratively develop and issue an outcome-focused set of metrics, reference architectures, and implementation guidance that support broad security improvements and improved management of critical security controls by Federal agencies.
- **Enhance the Cybersecurity Workforce.** The Administration will maintain a strong cadre of cybersecurity professionals to design, operate, and research cyber technologies, enabling success against current and future threats. In addition, the Administration will work to provide the cybersecurity professionals with tools, tips, education, training, awareness, and other resources appropriate to their positions that enable them to implement existing cybersecurity features and configurations in protocols, products, and services.
- **Reduce Vulnerabilities.** The Administration will work to design, build, and operate information and communication technology to specifically reduce the occurrence of exploitable weaknesses and enable technology to sense, react to, and communicate changes in its security or its surroundings in a way that preserves or enhances its security posture.
- **Prepare for Incidents.** The Administration will work to unify efforts to collaboratively respond to and rapidly recover from significant cyber incidents that threaten public health or safety, undermine public confidence, have a debilitating effect on the national economy, or diminish the security posture of the Nation.
- **Improve Identity Management.** Version 2.0 of the "Federal Identity, Credential and Access Management (FICAM) Roadmap and Implementation Guidance" was issued by the Federal CIO Council in December 2011.<sup>15</sup> This guidance helps steer agency efforts as they plan and upgrade their architectures, aiming to leverage existing investments and promoting efficiency in designing, deploying, and operating IT systems. As of September 1, 2011, more than 5.1 million Personal Identity Verification (PIV) credentials (89 percent of those needed) were issued to the Federal workforce, and over 5 million background investigations (87 percent of those needed) were completed, in accordance with Homeland Security Presidential Directive 12 (HSPD-12). Agencies are expected in 2012 to accelerate the use of PIV creden-

<sup>14</sup> P.L. 111-352, 124 Stat. 3866 (2011). GPRAMA amends P.L. 103-62, 107 Stat. 285 (1993).

<sup>15</sup> Federal Identity, Credential, and Access Management (FICAM) Roadmap and Implementation Guidance Version 2.0, December 2, 2011. See: [http://www.idmanagement.gov/documents/FICAM\\_Roadmap\\_and\\_Implementation\\_Guidance\\_v2%200\\_20111202.pdf](http://www.idmanagement.gov/documents/FICAM_Roadmap_and_Implementation_Guidance_v2%200_20111202.pdf).

tials in securing Federal facilities and IT systems. The National Institute for Standards and Technology (NIST), charged with revising the HSPD-12 standard (FIPS 201), is also moving to address the integration of PIV credentials with mobile devices and related advances in technology. And the Administration released the National Strategy for Trusted Identities in Cyberspace (NSTIC) in April 2011<sup>16</sup>, to promote public-private collaboration on an online identity environment to facilitate secure, efficient, easy-to-use, and interoperable identity solutions to access online services.

**Protecting Privacy**—Ensuring the privacy of personal information for all Americans remains a top Administration priority, especially as Federal agencies leverage emerging technologies such as cloud computing, mobile computing devices, and social media. The privacy implications in the use of these technologies must be considered, and agencies should collaborate on solutions and best practices to mitigate privacy risks. Federal agencies are expected to demonstrate continued progress in all aspects of privacy protection and to ensure compliance with all privacy requirements in law, regulation, and policy. Agencies must review their information systems to ensure

that they eliminate unnecessary holdings of personally identifiable information such as unnecessary collection and use of Social Security numbers. In addition, Federal agencies will continue to develop and implement policies outlining rules of behavior, detailing training requirements for personnel, and identifying consequences and corrective actions to address non-compliance. Agencies will work with their Senior Agency Officials for Privacy to ensure that all privacy impact assessments and system of records notices are completed and up-to-date. Finally, agencies will continue to implement appropriate data breach response procedures.

## CONCLUSION

The Administration is committed to fostering an efficient, effective, and transparent Federal Government by harnessing the power of technology. This commitment will be met by developing and implementing a Federal strategy that focuses on maximizing ROI; increasing the productivity of the Federal Government workforce; enhancing business and citizen engagement; and protecting critical assets through continued improvements in cyber security.

<sup>16</sup> Document released April 15, 2011. Title: National Strategy for Trusted Identities in Cyberspace. See: [http://www.whitehouse.gov/sites/default/files/rss\\_viewer/NSTICstrategy\\_041511.pdf](http://www.whitehouse.gov/sites/default/files/rss_viewer/NSTICstrategy_041511.pdf).

## 21. FEDERAL INVESTMENT

Federal investment is the portion of Federal spending intended to yield long-term benefits for the economy and the country. It promotes improved efficiency within Federal agencies, as well as growth in the national economy by increasing the overall stock of capital. Investment spending can take the form of direct Federal spending or of grants to State and local governments. It can be designated for physical capital, which creates a tangible asset that yields a stream of services over a period of years. It also can be for research and development, education, or training, all of which are intangible but still increase income in the future or provide other long-term benefits.

Most presentations in this volume combine investment spending with spending intended for current use.

This chapter focuses solely on Federal and federally financed investment. It provides a comprehensive picture of Federal investment spending, but because it disregards spending for non-investment activities, it provides only a partial picture of Federal support for specific national needs, such as defense, transportation, or environmental protection.

In this chapter, investment is discussed in the following sections:

- a description of the size and composition of Federal investment spending; and
- a presentation of trends in the stock of federally financed physical capital, research and development, and education.

### PART I: DESCRIPTION OF FEDERAL INVESTMENT

The distinction between investment spending and current outlays is a matter of judgment. The budget has historically employed a relatively broad classification of investment, encompassing physical investment, research, development, education, and training. The budget further classifies investments into those that are grants to State and local governments, such as grants for highways, and all other investments, or “direct Federal programs.” This “direct Federal” category consists primarily of spending for assets owned by the Federal Government, such as weapons systems and buildings, but also includes grants to private organizations and individuals for investment, such as capital grants to Amtrak or higher education loans directly to individuals.

The definition of investment in a particular presentation can vary depending on specific considerations:

- Taking the approach of a traditional balance sheet would limit investment to only those physical assets owned by the Federal Government, excluding capital financed through grants and intangible assets such as research and education.
- Focusing on the role of investment in improving national productivity and enhancing economic growth would exclude items such as national defense assets, the direct benefits of which enhance national security rather than economic growth.
- Examining the efficiency of Federal operations would confine the coverage to investments that reduce costs or improve the effectiveness of internal Federal agency operations, such as computer systems.

- Considering a “social investment” perspective would broaden the coverage of investment beyond what is included in this chapter to include programs such as maternal health, certain nutrition programs, and substance abuse treatment, which are designed in part to prevent more costly health problems in future years.

This analysis takes the relatively broad approach of including all investment in physical assets, research and development, and education and training, regardless of ultimate ownership of the resulting asset or the purpose it serves. It does not include “social investment” items like health care or social services where it is difficult to separate out the degree to which the spending provides current versus future benefits. The definition of investment used in this section provides consistency over time (historical figures on investment outlays back to 1940 can be found in the separate *Historical Tables* volume). Table 21–2 at the end of this section allows disaggregation of the data to focus on those investment outlays that best suit a particular purpose.

In addition to this basic issue of definition, there are two technical problems in the classification of investment data: the treatment of grants to State and local governments, and the classification of spending that could be shown in multiple categories.

First, for some grants to State and local governments it is the recipient jurisdiction, not the Federal Government that ultimately determines whether the money is used to finance investment or current purposes. This analysis classifies all of the outlays into the category in which the recipient jurisdictions are expected to spend a majority of the money. Hence, the Community Development Block Grants are classified as physical investment, although

some may be spent for current purposes. General purpose fiscal assistance is classified as current spending, although some may be spent by recipient jurisdictions on investment.

Second, some spending could be classified in more than one category of investment. For example, outlays for construction of research facilities finance the acquisition of physical assets, but they also contribute to research and development. To avoid double counting, the outlays are classified hierarchically in the category that is most commonly recognized as investment: physical assets, followed by research and development, followed by education and training. Consequently, outlays for the conduct of research and development do not include outlays for the construction of research facilities, because these outlays are included in the category for investment in physical assets.

When direct loans and loan guarantees are used to fund investment, the subsidy value is included as investment. The subsidies are classified according to their program purpose, such as construction or education and training. For more information about the treatment of Federal credit programs, refer to the section on Federal credit in Chapter 12, "Budget Concepts," in this volume.

This section presents spending for gross investment, without adjusting for depreciation.

## Composition of Federal Investment Outlays

### Major Federal Investment

The composition of major Federal investment outlays is summarized in Table 21–1. They include major public physical investment, the conduct of research and development, and the conduct of education and training. Combined defense and nondefense investment outlays were \$537.9 billion in 2011. They are estimated to increase to \$591.7 billion in 2012 and decrease to \$549.1 billion in 2013. The major factors contributing to these changes are described below.

Major Federal investment outlays will comprise an estimated 14.4 percent of total Federal outlays in 2013 and 3.4 percent of the Nation's gross domestic product. Greater detail on Federal investment is available in Table 21–2 at the end of this section. That table includes both budget authority and outlays.

*Physical investment.* Outlays for major public physical capital investment (hereafter referred to as "physical investment outlays") were \$287.2 billion in 2011 and are estimated to rise to \$304.6 billion in 2012 before falling to \$291.6 billion in 2013. Physical investment outlays are for construction and rehabilitation, the purchase of major equipment, and the purchase or sale of land and structures. Approximately two-thirds of these outlays are for

**Table 21–1. COMPOSITION OF FEDERAL INVESTMENT OUTLAYS**

(In billions of dollars)

| Federal Investment                                                                   | Actual<br>2011 | Estimate     |              |
|--------------------------------------------------------------------------------------|----------------|--------------|--------------|
|                                                                                      |                | 2012         | 2013         |
| Major public physical capital investment:                                            |                |              |              |
| Direct Federal:                                                                      |                |              |              |
| National defense .....                                                               | 141.6          | 155.8        | 143.0        |
| Nondefense .....                                                                     | 49.1           | 52.4         | 40.2         |
| Subtotal, direct major public physical capital investment .....                      | 190.6          | 208.2        | 183.2        |
| Grants to State and local governments .....                                          | 96.5           | 96.5         | 108.3        |
| Subtotal, major public physical capital investment .....                             | 287.2          | 304.6        | 291.6        |
| Conduct of research and development:                                                 |                |              |              |
| National defense .....                                                               | 79.7           | 80.8         | 77.6         |
| Nondefense .....                                                                     | 64.0           | 64.2         | 61.6         |
| Subtotal, conduct of research and development .....                                  | 143.6          | 145.0        | 139.2        |
| Conduct of education and training:                                                   |                |              |              |
| Grants to State and local governments .....                                          | 84.4           | 105.2        | 77.3         |
| Direct Federal .....                                                                 | 22.7           | 36.8         | 41.1         |
| Subtotal, conduct of education and training .....                                    | 107.1          | 142.1        | 118.4        |
| <b>Total, major Federal investment outlays .....</b>                                 | <b>537.9</b>   | <b>591.7</b> | <b>549.1</b> |
| <b>MEMORANDUM</b>                                                                    |                |              |              |
| Major Federal investment outlays:                                                    |                |              |              |
| National defense .....                                                               | 221.2          | 236.6        | 220.6        |
| Nondefense .....                                                                     | 316.7          | 355.1        | 328.5        |
| Total, major Federal investment outlays .....                                        | 537.9          | 591.7        | 549.1        |
| Miscellaneous physical investment:                                                   |                |              |              |
| Commodity inventories .....                                                          | –3.4           | –0.1         | *            |
| Other physical investment (direct) .....                                             | 4.7            | 3.0          | 2.9          |
| Total, miscellaneous physical investment .....                                       | 1.3            | 2.9          | 2.9          |
| Total, Federal investment outlays, including miscellaneous physical investment ..... | 539.2          | 594.6        | 552.0        |

\* \$50 million or less.



direct physical investment by the Federal Government, with the remainder being grants to State and local governments for physical investment.

Direct physical investment outlays by the Federal Government are primarily for national defense. Defense outlays for physical investment are estimated to be \$143.0 billion in 2013. Almost all of these outlays, or an estimated \$124.7 billion, are for the procurement of weapons and other defense equipment, and the remainder is primarily for construction on military bases, family housing for military personnel, and Department of Energy defense facilities. Defense outlays for physical investment increase from \$141.6 billion in 2011 to \$155.8 billion in 2012, primarily due to spending from prior-year balances of budget authority. The decrease in outlays between 2012 and 2013 results from reductions in budget authority in 2012 and 2013 due to the reduced need for the Department of Defense to upgrade equipment and replace combat losses because of the drawdown in the Iraqi theater.

Outlays for direct physical investment for nondefense purposes are estimated to be \$40.2 billion in 2013. This is a reduction from the \$52.4 billion in outlays in 2012, attributable to a decline in outlays from the obligation of significant one-time resources in the Advanced Technology Vehicle Manufacturing and other loan programs in the Department of Energy, and completion of most Recovery Act outlays in the Energy Efficiency and Renewable Energy program. Outlays for 2013 include \$21.4 billion for construction and rehabilitation. This amount includes funds for water, power, and natural resources projects of the Corps of Engineers, the Bureau of Reclamation within the Department of the Interior, and the Tennessee Valley Authority; construction and rehabilitation of veterans' hospitals and Indian Health Service hospitals and clinics; facilities for space and science programs; Postal Service facilities; energy conservation projects in the Department of Energy; construction for the administration of justice programs (largely in Customs and Border Protection within the Department of Homeland Security); construction of office buildings by the General Services Administration; and construction for embassy security. Outlays for the acquisition of major equipment are estimated to be \$18.3 billion in 2013. The largest amounts are for the air traffic control system; railroad system preservation; weather and climate monitoring in the National Oceanic and Atmospheric Administration; law enforcement activities, largely in the Department of Homeland Security and the Federal Bureau of Investigation; and information systems in the Department of Veterans Affairs.

Grants to State and local governments for physical investment are estimated to be \$108.3 billion in 2013, up from \$96.5 billion in 2012. Nearly 75 percent of these outlays, or \$80.8 billion, are to assist States and localities with transportation infrastructure, primarily highways; this category represents the majority of the increase in physical investment grants from 2012 to 2013. Other major grants for physical investment fund sewage treatment plants and other State and tribal assistance grants, community and regional development, and public housing.

*Conduct of research and development.* Outlays for the conduct of research and development are estimated to be \$139.2 billion in 2013. These outlays are devoted to increasing basic scientific knowledge and promoting research and development. They increase the Nation's security, improve the productivity of capital and labor for both public and private purposes, and enhance the quality of life. More than half of these outlays, an estimated \$77.6 billion, are for national defense. Physical investment for research and development facilities and equipment is included in the physical investment category.

Nondefense outlays for the conduct of research and development are estimated to be \$61.6 billion in 2013. These are largely for the National Institutes of Health, National Aeronautics and Space Administration, the Department of Energy, and the National Science Foundation.

A more complete and detailed discussion of research and development funding can be found in Chapter 22, "Research and Development," in this volume.

*Conduct of education and training.* Outlays for the conduct of education and training were \$107.1 billion in 2011 and are estimated to rise to \$142.1 billion in 2012 before falling to \$118.4 billion in 2013. These outlays add to the stock of human capital by developing a more skilled and productive labor force. Grants to State and local governments for this category are estimated to be \$77.3 billion in 2013, roughly 65 percent of the total. They include education programs for the disadvantaged and individuals with disabilities, training programs in the Department of Labor, Head Start, and other education programs. Grants for education and training rise from \$84.4 billion in 2011 to \$105.2 billion in 2012, largely due to one-time grants to States for elementary, secondary, and vocational education included in the Administration's temporary measures for jobs growth. Direct Federal education and training outlays are estimated to be \$41.1 billion in 2013, up from the levels in 2011 and 2012. Programs in this category primarily consist of aid for higher education through student financial assistance, loan subsidies, veterans' education, and health training programs. Downward re-estimates of student loan subsidies reduced net outlays for direct Federal education and training in 2011 and by lesser amounts in 2012, leading to an increase in this category in 2012 and 2013.

This category does not include outlays for education and training of Federal civilian and military employees. Outlays for education and training that are for physical investment and for research and development are in the categories for physical investment and the conduct of research and development.

### **Miscellaneous Physical Investment**

In addition to the categories of major Federal investment, several miscellaneous categories of investment outlays are shown at the bottom of Table 21-1. These items, all for physical investment, are generally unrelated to improving Government operations or enhancing economic activity.

Outlays for commodity inventories are for the purchase or sale of agricultural products pursuant to farm price support programs and other commodities. Sales are estimated to exceed purchases by \$21 million in 2013.

Outlays for other miscellaneous physical investment are estimated to be \$2.9 billion in 2013. This category consists entirely of direct Federal outlays and includes primarily conservation programs.

### Detailed Table on Investment Spending

The following table provides data on budget authority as well as outlays for major Federal investment divided according to grants to State and local governments and direct Federal spending. Miscellaneous investment is not included because it is generally unrelated to improving Government operations or enhancing economic activity.

**Table 21–2. FEDERAL INVESTMENT BUDGET AUTHORITY AND OUTLAYS: GRANT AND DIRECT FEDERAL PROGRAMS**

(In millions of dollars)

| Description                                           | Budget Authority |                |                | Outlays        |                |                |
|-------------------------------------------------------|------------------|----------------|----------------|----------------|----------------|----------------|
|                                                       | 2011 Actual      | 2012 Estimate  | 2013 Estimate  | 2011 Actual    | 2012 Estimate  | 2013 Estimate  |
| <b>GRANTS TO STATE AND LOCAL GOVERNMENTS</b>          |                  |                |                |                |                |                |
| Major public physical investment:                     |                  |                |                |                |                |                |
| Construction and rehabilitation:                      |                  |                |                |                |                |                |
| Transportation:                                       |                  |                |                |                |                |                |
| Highways .....                                        | 38,426           | 40,949         | 41,710         | 44,323         | 41,691         | 43,827         |
| Mass transportation .....                             | 11,076           | 10,403         | 10,555         | 11,783         | 12,513         | 12,531         |
| Rail transportation .....                             | -389             | 0              | 1,000          | 319            | 1,296          | 1,936          |
| Air and other transportation .....                    | 3,887            | 53,850         | 2,757          | 3,495          | 10,013         | 22,468         |
| Subtotal, transportation .....                        | 53,000           | 105,202        | 56,022         | 59,920         | 65,513         | 80,762         |
| Other construction and rehabilitation:                |                  |                |                |                |                |                |
| Pollution control and abatement .....                 | 3,931            | 2,551          | 2,309          | 5,050          | 4,088          | 2,050          |
| Community and regional development .....              | 5,587            | 19,742         | 3,983          | 9,945          | 10,899         | 12,974         |
| Housing assistance .....                              | 4,528            | 3,658          | 4,818          | 11,143         | 6,291          | 4,844          |
| Other .....                                           | 4,120            | 3,999          | 4,425          | 8,627          | 7,404          | 5,294          |
| Subtotal, other construction and rehabilitation ..... | 18,166           | 29,950         | 15,535         | 34,765         | 28,682         | 25,162         |
| Subtotal, construction and rehabilitation .....       | 71,166           | 135,152        | 71,557         | 94,685         | 94,195         | 105,924        |
| Other physical assets .....                           | 1,565            | 1,572          | 1,615          | 1,861          | 2,258          | 2,416          |
| Subtotal, major public physical investment .....      | 72,731           | 136,724        | 73,172         | 96,546         | 96,453         | 108,340        |
| Conduct of research and development:                  |                  |                |                |                |                |                |
| Agriculture .....                                     | 324              | 325            | 320            | 315            | 432            | 338            |
| Other .....                                           | 185              | 183            | 224            | 138            | 135            | 153            |
| Subtotal, conduct of research and development .....   | 509              | 508            | 544            | 453            | 567            | 491            |
| Conduct of education and training:                    |                  |                |                |                |                |                |
| Elementary, secondary, and vocational education ..... | 38,131           | 98,638         | 40,202         | 64,514         | 85,104         | 57,385         |
| Higher education .....                                | 337              | 331            | 1,336          | 520            | 538            | 463            |
| Research and general education aids .....             | 744              | 744            | 763            | 832            | 991            | 828            |
| Training and employment .....                         | 3,788            | 3,949          | 3,999          | 4,059          | 3,846          | 4,344          |
| Social services .....                                 | 10,896           | 11,321         | 11,119         | 11,891         | 11,988         | 11,378         |
| Agriculture .....                                     | 404              | 405            | 403            | 361            | 577            | 613            |
| Other .....                                           | 2,276            | 2,215          | 2,191          | 2,230          | 2,206          | 2,242          |
| Subtotal, conduct of education and training .....     | 56,576           | 117,603        | 60,013         | 84,407         | 105,250        | 77,253         |
| <b>Subtotal, grants for investment .....</b>          | <b>129,816</b>   | <b>254,835</b> | <b>133,729</b> | <b>181,406</b> | <b>202,270</b> | <b>186,084</b> |
| <b>DIRECT FEDERAL PROGRAMS</b>                        |                  |                |                |                |                |                |
| Major public physical investment:                     |                  |                |                |                |                |                |
| Construction and rehabilitation:                      |                  |                |                |                |                |                |
| National defense:                                     |                  |                |                |                |                |                |
| Military construction and family housing .....        | 13,504           | 11,060         | 8,882          | 12,885         | 15,247         | 17,691         |
| Atomic energy defense activities and other .....      | 49               | 79             | 86             | 69             | 87             | 63             |
| Subtotal, national defense .....                      | 13,553           | 11,139         | 8,968          | 12,954         | 15,334         | 17,754         |
| Nondefense:                                           |                  |                |                |                |                |                |
| International affairs .....                           | 869              | 894            | 752            | 271            | 681            | 599            |
| General science, space, and technology .....          | 850              | 895            | 974            | 873            | 745            | 938            |

**Table 21-2. FEDERAL INVESTMENT BUDGET AUTHORITY AND OUTLAYS: GRANT AND DIRECT FEDERAL PROGRAMS—Continued**  
(In millions of dollars)

| Description                                             | Budget Authority |               |               | Outlays     |               |               |
|---------------------------------------------------------|------------------|---------------|---------------|-------------|---------------|---------------|
|                                                         | 2011 Actual      | 2012 Estimate | 2013 Estimate | 2011 Actual | 2012 Estimate | 2013 Estimate |
| Water resources projects .....                          | 3,076            | 2,855         | 2,595         | 5,375       | 5,179         | 4,083         |
| Other natural resources and environment .....           | 1,234            | 1,136         | 1,053         | 2,118       | 1,438         | 1,346         |
| Energy .....                                            | 7,178            | 9,212         | 5,034         | 8,521       | 14,957        | 5,983         |
| Postal service .....                                    | 520              | 343           | 574           | 598         | 481           | 519           |
| Transportation .....                                    | 221              | 567           | 178           | 325         | 710           | 281           |
| Veterans hospitals and other health facilities .....    | 5,732            | 2,730         | 2,696         | 4,542       | 3,609         | 2,817         |
| Administration of justice .....                         | 671              | 646           | 513           | 1,072       | 949           | 717           |
| GSA real property activities .....                      | 403              | 330           | 551           | 3,099       | 2,459         | 1,760         |
| Other construction .....                                | 4,211            | 11,968        | 1,748         | 5,773       | 3,052         | 2,336         |
| Subtotal, nondefense .....                              | 24,965           | 31,576        | 16,668        | 32,567      | 34,260        | 21,379        |
| Subtotal, construction and rehabilitation .....         | 38,518           | 42,715        | 25,636        | 45,521      | 49,594        | 39,133        |
| Acquisition of major equipment:                         |                  |               |               |             |               |               |
| National defense:                                       |                  |               |               |             |               |               |
| Department of Defense .....                             | 132,026          | 120,591       | 108,662       | 128,154     | 139,895       | 124,679       |
| Atomic energy defense activities .....                  | 526              | 574           | 614           | 470         | 510           | 546           |
| Subtotal, national defense .....                        | 132,552          | 121,165       | 109,276       | 128,624     | 140,405       | 125,225       |
| Nondefense:                                             |                  |               |               |             |               |               |
| General science and basic research .....                | 668              | 771           | 771           | 904         | 980           | 877           |
| Space flight, research, and supporting activities ..... | 152              | 152           | 147           | 139         | 152           | 148           |
| Postal service .....                                    | 306              | 522           | 1,397         | 573         | 586           | 912           |
| Air transportation .....                                | 3,594            | 4,178         | 4,265         | 3,510       | 3,902         | 3,965         |
| Water transportation (Coast Guard) .....                | 1,374            | 1,243         | 1,103         | 1,101       | 1,647         | 1,876         |
| Other transportation (railroads) .....                  | 1,484            | 1,418         | 1,546         | 1,862       | 1,456         | 1,089         |
| Hospital and medical care for veterans .....            | 1,411            | 1,676         | 1,817         | 1,099       | 1,481         | 1,533         |
| Federal law enforcement activities .....                | 1,144            | 1,039         | 958           | 1,304       | 1,342         | 1,227         |
| Department of the Treasury (fiscal operations) .....    | 278              | 330           | 337           | 322         | 373           | 392           |
| National Oceanic and Atmospheric Administration .....   | 1,335            | 1,818         | 1,977         | 1,320       | 1,301         | 1,534         |
| Other .....                                             | 3,689            | 3,762         | 4,511         | 4,465       | 4,536         | 4,786         |
| Subtotal, nondefense .....                              | 15,435           | 16,909        | 18,829        | 16,599      | 17,756        | 18,339        |
| Subtotal, acquisition of major equipment .....          | 147,987          | 138,074       | 128,105       | 145,223     | 158,161       | 143,564       |
| Purchase or sale of land and structures:                |                  |               |               |             |               |               |
| National defense .....                                  | -9               | -26           | -17           | -18         | 46            | 0             |
| Natural resources and environment .....                 | 221              | 257           | 321           | 281         | 292           | 316           |
| General government .....                                | 113              | 127           | 120           | 130         | 128           | 120           |
| Other .....                                             | -451             | 1,809         | -247          | -506        | -56           | 78            |
| Subtotal, purchase or sale of land and structures ..... | -126             | 2,167         | 177           | -113        | 410           | 514           |
| Subtotal, major public physical investment .....        | 186,379          | 182,956       | 153,918       | 190,631     | 208,165       | 183,211       |
| Conduct of research and development:                    |                  |               |               |             |               |               |
| National defense:                                       |                  |               |               |             |               |               |
| Defense military .....                                  | 77,410           | 72,634        | 71,129        | 75,576      | 76,623        | 73,248        |
| Atomic energy and other .....                           | 3,922            | 4,084         | 4,486         | 4,099       | 4,183         | 4,330         |
| Subtotal, national defense .....                        | 81,332           | 76,718        | 75,615        | 79,675      | 80,806        | 77,578        |
| Nondefense:                                             |                  |               |               |             |               |               |
| International affairs .....                             | 196              | 196           | 196           | 185         | 184           | 183           |
| General science, space, and technology:                 |                  |               |               |             |               |               |
| NASA .....                                              | 8,397            | 8,643         | 8,885         | 7,825       | 8,524         | 8,696         |
| National Science Foundation .....                       | 5,091            | 5,228         | 5,446         | 5,233       | 6,031         | 5,273         |
| Department of Energy .....                              | 3,899            | 3,839         | 4,010         | 4,042       | 4,012         | 4,069         |
| Subtotal, general science, space, and technology .....  | 17,387           | 17,710        | 18,341        | 17,100      | 18,567        | 18,038        |
| Energy .....                                            | 2,246            | 2,382         | 2,718         | 3,679       | 4,363         | 3,593         |
| Transportation:                                         |                  |               |               |             |               |               |
| Department of Transportation .....                      | 777              | 779           | 871           | 766         | 777           | 709           |
| NASA .....                                              | 442              | 473           | 467           | 498         | 462           | 467           |
| Other transportation .....                              | 24               | 28            | 20            | 20          | 18            | 24            |
| Subtotal, transportation .....                          | 1,243            | 1,280         | 1,358         | 1,284       | 1,257         | 1,200         |

**Table 21–2. FEDERAL INVESTMENT BUDGET AUTHORITY AND OUTLAYS: GRANT AND DIRECT FEDERAL PROGRAMS—Continued**  
(In millions of dollars)

| Description                                            | Budget Authority |                |                | Outlays        |                |                |
|--------------------------------------------------------|------------------|----------------|----------------|----------------|----------------|----------------|
|                                                        | 2011 Actual      | 2012 Estimate  | 2013 Estimate  | 2011 Actual    | 2012 Estimate  | 2013 Estimate  |
| <b>Health:</b>                                         |                  |                |                |                |                |                |
| National Institutes of Health .....                    | 29,773           | 29,913         | 29,919         | 33,249         | 30,591         | 29,617         |
| Other health .....                                     | 1,139            | 1,120          | 1,535          | 1,264          | 1,709          | 1,495          |
| Subtotal, health .....                                 | 30,912           | 31,033         | 31,454         | 34,513         | 32,300         | 31,112         |
| Agriculture .....                                      | 1,592            | 1,550          | 1,558          | 1,618          | 1,813          | 1,690          |
| Natural resources and environment .....                | 2,197            | 2,115          | 2,158          | 1,862          | 1,930          | 1,940          |
| National Institute of Standards and Technology .....   | 437              | 475            | 1,386          | 545            | 573            | 682            |
| Hospital and medical care for veterans .....           | 1,160            | 1,164          | 1,166          | 1,138          | 1,145          | 1,146          |
| All other research and development .....               | 1,565            | 1,313          | 1,640          | 1,573          | 1,507          | 1,517          |
| Subtotal, nondefense .....                             | 58,935           | 59,218         | 61,975         | 63,497         | 63,639         | 61,101         |
| Subtotal, conduct of research and development .....    | 140,267          | 135,936        | 137,590        | 143,172        | 144,445        | 138,679        |
| <b>Conduct of education and training:</b>              |                  |                |                |                |                |                |
| Elementary, secondary, and vocational education .....  | 1,343            | 1,398          | 1,228          | 1,516          | 1,827          | 1,606          |
| Higher education .....                                 | 5,781            | 19,245         | 16,982         | 1,019          | 13,082         | 16,473         |
| Research and general education aids .....              | 2,202            | 2,100          | 2,170          | 2,218          | 2,135          | 2,050          |
| Training and employment .....                          | 2,090            | 2,725          | 2,106          | 2,511          | 2,669          | 2,534          |
| Health .....                                           | 1,854            | 1,531          | 1,261          | 1,768          | 1,556          | 1,488          |
| Veterans education, training, and rehabilitation ..... | 10,825           | 12,574         | 13,090         | 11,112         | 12,571         | 14,211         |
| General science and basic research .....               | 929              | 916            | 1,023          | 891            | 1,065          | 1,108          |
| International affairs .....                            | 656              | 620            | 608            | 671            | 799            | 674            |
| Other .....                                            | 888              | 899            | 775            | 990            | 1,111          | 969            |
| Subtotal, conduct of education and training .....      | 26,568           | 42,008         | 39,243         | 22,696         | 36,815         | 41,113         |
| <b>Subtotal, direct Federal investment .....</b>       | <b>353,214</b>   | <b>360,900</b> | <b>330,751</b> | <b>356,499</b> | <b>389,425</b> | <b>363,003</b> |
| <b>Total, Federal investment .....</b>                 | <b>483,030</b>   | <b>615,735</b> | <b>464,480</b> | <b>537,905</b> | <b>591,695</b> | <b>549,087</b> |

## PART II: FEDERALLY FINANCED CAPITAL STOCKS

Federal investment spending creates a “stock” of capital that is available for future productive use. Each year, Federal investment outlays add to this stock of capital. At the same time, however, wear and tear and obsolescence reduce it. This section presents very rough measures over time of three different kinds of capital stocks financed by the Federal Government: public physical capital, research and development (R&D), and education.

Federal spending for physical assets adds to the Nation’s capital stock of tangible assets, such as roads, buildings, and aircraft carriers. These assets deliver a flow of services over their lifetime. The capital depreciates as the asset ages, wears out, is accidentally damaged, or becomes obsolete.

Federal spending for the conduct of R&D adds to an “intangible” asset, the Nation’s stock of knowledge. Spending for education adds to the stock of human capital by providing skills that help make people more productive. Although financed by the Federal Government, R&D or education can be carried out by Federal or State government laboratories, universities and other nonprofit organizations, local governments, or private industry. R&D covers a wide range of activities, from the investigation of subatomic particles to the exploration of new frontiers of science; it can be “basic” research without particular

applications in mind, or it can have a highly specific practical use. Similarly, education includes a wide variety of programs, assisting people of all ages beginning with preschool education and extending through graduate studies and adult education. Like physical assets, the capital stocks of R&D and education provide services over a number of years and depreciate as they become outdated.

For this analysis, physical and R&D capital stocks are estimated using the perpetual inventory method. Each year’s Federal outlays are treated as gross investment, adding to the capital stock; depreciation reduces the capital stock. Gross investment less depreciation is net investment. The estimates of the capital stock are equal to the sum of net investment in the current and prior years. Conversely, the year-to-year change in the capital stock estimates is annual net investment. A limitation of the perpetual inventory method is that the original investment spending may not accurately measure the current value of the asset created, even after adjusting for inflation, because the value of existing capital changes over time due to changing market conditions. However, alternative methods for measuring asset value, such as direct surveys of current market worth or indirect estimation based on an expected rate of return, are especially diffi-

cult to apply to assets that do not have a private market, such as highways or weapons systems.

In contrast to physical and R&D stocks, the estimate of the education stock is based on the replacement cost method. Data on the total years of education of the U.S. population are combined with data on the current cost of education and the Federal share of education spending to yield the cost of replacing the Federal share of the Nation's stock of education.

It should be stressed that these estimates are rough approximations, and provide a basis only for making broad generalizations. Errors may arise from uncertainty about the useful lives and depreciation rates of different types of assets, incomplete data for historical outlays, and imprecision in the deflators used to express costs in constant dollars. Details about the methods used to estimate capital stocks appeared in a methodological note in Chapter 7, "Federal Investment Spending and Capital Budgeting," in the *Analytical Perspectives* volume of the 2004 Budget.

### The Stock of Physical Capital

This section presents data on stocks of physical capital assets and estimates of the depreciation of these assets.

*Trends.* Table 21-3 shows the value of the net federally financed physical capital stock since 1960, in constant fiscal year 2005 dollars. The total stock grew at a 2.4 percent average annual rate from 1960 to 2011, with periods of faster growth during the late 1960s, the 1980s, as well as presently since the mid-2000s. The stock amounted to \$3,054 billion in 2011 and is estimated to increase to \$3,235 billion by 2013. In 2011, the national defense capi-

tal stock accounted for \$925 billion, or 30 percent of the total, and nondefense stocks for \$2,129 billion, or 70 percent of the total.

Real stocks of defense and nondefense capital show very different trends. Nondefense stocks have grown consistently since 1970, increasing from \$531 billion in 1970 to \$2,129 billion in 2011. With the investments proposed in the Budget, nondefense stocks are estimated to grow to \$2,256 billion in 2013. From 1970-1979, the nondefense capital stock grew at an average annual rate of 4.4 percent. Over the 1980s, however, the growth rate slowed to 3.0 percent annually, with growth continuing at about that rate since then.

Real national defense stocks began in 1970 at a relatively high level, and declined steadily throughout the decade as depreciation from investment during the Vietnam War exceeded new investment in military construction and weapons procurement. Starting in the early 1980s, a large defense buildup began to increase the stock of defense capital. By 1987, the defense stock exceeded its earlier Vietnam-era peak. By 1993, however, depreciation on the increased stocks and a slower pace of defense physical capital investment began to reduce the stock from its previous levels. The increased defense investment in the last few years has reversed this decline, increasing the stock from a low of \$639 billion in 2001 to \$979 billion in 2013.

Another trend in the Federal physical capital stocks is the shift from direct Federal assets to grant-financed assets. In 1960, 37 percent of federally financed nondefense capital was owned by the Federal Government, and 63 percent was owned by State and local governments but financed by Federal grants. Expansion in Federal grants

**Table 21-3. NET STOCK OF FEDERALLY FINANCED PHYSICAL CAPITAL**

(In billions of 2005 dollars)

| Fiscal Year          | Total | National Defense | Total Nondefense | Direct Federal Capital |                 |       | Capital Financed by Federal Grants |                |                        |                   |       |
|----------------------|-------|------------------|------------------|------------------------|-----------------|-------|------------------------------------|----------------|------------------------|-------------------|-------|
|                      |       |                  |                  | Total                  | Water and Power | Other | Total                              | Transportation | Community and Regional | Natural Resources | Other |
| Five year intervals: |       |                  |                  |                        |                 |       |                                    |                |                        |                   |       |
| 1960 .....           | 890   | 620              | 270              | 99                     | 62              | 37    | 171                                | 104            | 31                     | 24                | 12    |
| 1965 .....           | 993   | 602              | 391              | 128                    | 77              | 51    | 263                                | 185            | 38                     | 26                | 15    |
| 1970 .....           | 1,182 | 651              | 531              | 152                    | 92              | 60    | 379                                | 269            | 55                     | 31                | 24    |
| 1975 .....           | 1,225 | 554              | 671              | 173                    | 106             | 67    | 498                                | 330            | 89                     | 49                | 30    |
| 1980 .....           | 1,334 | 476              | 858              | 200                    | 126             | 74    | 658                                | 396            | 140                    | 91                | 31    |
| 1985 .....           | 1,584 | 580              | 1,004            | 229                    | 140             | 89    | 775                                | 460            | 169                    | 116               | 30    |
| 1990 .....           | 1,904 | 754              | 1,150            | 265                    | 151             | 114   | 885                                | 537            | 184                    | 131               | 33    |
| 1995 .....           | 2,060 | 740              | 1,320            | 307                    | 161             | 146   | 1,013                              | 621            | 195                    | 143               | 53    |
| 2000 .....           | 2,164 | 643              | 1,522            | 349                    | 165             | 184   | 1,173                              | 720            | 213                    | 152               | 88    |
| Annual data:         |       |                  |                  |                        |                 |       |                                    |                |                        |                   |       |
| 2005 .....           | 2,483 | 695              | 1,788            | 414                    | 173             | 241   | 1,373                              | 860            | 230                    | 160               | 123   |
| 2006 .....           | 2,552 | 719              | 1,833            | 425                    | 174             | 250   | 1,408                              | 887            | 233                    | 161               | 128   |
| 2007 .....           | 2,629 | 749              | 1,880            | 435                    | 175             | 260   | 1,444                              | 911            | 239                    | 162               | 133   |
| 2008 .....           | 2,718 | 790              | 1,928            | 449                    | 177             | 272   | 1,479                              | 935            | 244                    | 163               | 137   |
| 2009 .....           | 2,824 | 839              | 1,986            | 474                    | 180             | 294   | 1,512                              | 960            | 246                    | 163               | 142   |
| 2010 .....           | 2,947 | 889              | 2,058            | 499                    | 187             | 312   | 1,559                              | 990            | 250                    | 166               | 153   |
| 2011 .....           | 3,054 | 925              | 2,129            | 523                    | 193             | 329   | 1,606                              | 1,017          | 254                    | 169               | 165   |
| 2012 est. ....       | 3,156 | 960              | 2,196            | 547                    | 203             | 344   | 1,649                              | 1,047          | 259                    | 171               | 173   |
| 2013 est. ....       | 3,235 | 979              | 2,256            | 558                    | 207             | 351   | 1,698                              | 1,085          | 264                    | 171               | 177   |

**Table 21-4. NET STOCK OF FEDERALLY FINANCED RESEARCH AND DEVELOPMENT<sup>1</sup>**  
(In billions of 2005 dollars)

| Fiscal Year          | National Defense |                |                                  | Nondefense |                |                                  | Total Federal |                |                                  |
|----------------------|------------------|----------------|----------------------------------|------------|----------------|----------------------------------|---------------|----------------|----------------------------------|
|                      | Total            | Basic Research | Applied Research and Development | Total      | Basic Research | Applied Research and Development | Total         | Basic Research | Applied Research and Development |
| Five year intervals: |                  |                |                                  |            |                |                                  |               |                |                                  |
| 1970 .....           | 294              | 18             | 276                              | 242        | 75             | 166                              | 535           | 93             | 443                              |
| 1975 .....           | 311              | 23             | 288                              | 296        | 109            | 186                              | 607           | 133            | 474                              |
| 1980 .....           | 315              | 28             | 287                              | 350        | 148            | 202                              | 665           | 176            | 489                              |
| 1985 .....           | 362              | 34             | 328                              | 382        | 196            | 186                              | 743           | 230            | 513                              |
| 1990 .....           | 454              | 41             | 413                              | 431        | 258            | 173                              | 884           | 298            | 586                              |
| 1995 .....           | 476              | 48             | 428                              | 519        | 331            | 188                              | 995           | 379            | 616                              |
| 2000 .....           | 484              | 55             | 429                              | 611        | 414            | 197                              | 1,095         | 469            | 626                              |
| Annual data:         |                  |                |                                  |            |                |                                  |               |                |                                  |
| 2005 .....           | 543              | 63             | 480                              | 747        | 531            | 217                              | 1,291         | 594            | 697                              |
| 2006 .....           | 561              | 64             | 496                              | 773        | 554            | 219                              | 1,334         | 618            | 716                              |
| 2007 .....           | 579              | 66             | 513                              | 798        | 577            | 221                              | 1,377         | 642            | 734                              |
| 2008 .....           | 594              | 67             | 527                              | 822        | 600            | 223                              | 1,416         | 667            | 749                              |
| 2009 .....           | 605              | 69             | 536                              | 851        | 626            | 226                              | 1,456         | 694            | 762                              |
| 2010 .....           | 615              | 70             | 545                              | 883        | 652            | 232                              | 1,499         | 722            | 777                              |
| 2011 .....           | 623              | 72             | 551                              | 913        | 677            | 236                              | 1,536         | 749            | 787                              |
| 2012 est. ....       | 631              | 74             | 557                              | 941        | 702            | 239                              | 1,572         | 775            | 796                              |
| 2013 est. ....       | 634              | 75             | 559                              | 966        | 725            | 241                              | 1,600         | 800            | 800                              |

<sup>1</sup> Excludes stock of physical capital for research and development, which is included in Table 21-3.

for highways and other State and local capital, coupled with slower growth in direct Federal investment for water resources, for example, shifted the composition of the stock substantially. In 2011, 25 percent of the federally financed nondefense stock was owned by the Federal Government and 75 percent by State and local governments.

The growth in the stock of physical capital financed by grants has come in several areas. The growth in the stock for transportation is largely grants for highways, including the Interstate Highway System. The growth in community and regional development stocks occurred largely following the enactment of the Community Development Block Grant in the early 1970s. The value of this capital stock has grown only slowly in the past few years. The growth in the natural resources area occurred primarily because of construction grants for water infrastructure projects. The value of the stock of grants for physical capital that are federally financed has increased by over twofold since the mid-1980s.

### The Stock of Research and Development Capital

This section presents data on the stock of research and development (R&D) capital, taking into account adjustments for its depreciation.

*Trends.* As shown in Table 21-4, the R&D capital stock financed by Federal outlays is estimated to be \$1,536 billion in 2011 in constant 2005 dollars. Roughly half is the stock of basic research knowledge; the remainder is the stock of applied research and development.

The nondefense stock accounted for about three-fifths of the total federally financed R&D stock in 2011. Although investment in defense R&D has exceeded that of nondefense R&D in nearly every year since 1981, the nondefense R&D stock is actually the larger of the two, because of the different emphasis on basic research and applied research and development. Defense R&D spending is heavily concentrated in applied research and development, which depreciates much more quickly than basic research. The stock of applied research and development is assumed to depreciate at a ten percent geometric rate, while basic research is assumed not to depreciate at all.

The defense R&D stock rose slowly during the 1970s, as gross outlays for R&D trended down in constant dollars and the stock created in the 1960s depreciated. Increased defense R&D spending from 1980 through 1990 led to a more rapid growth of the R&D stock. Subsequently, real defense R&D outlays tapered off, depreciation grew, and, as a result, the real net defense R&D stock stabilized at around \$475 billion. Renewed spending for defense R&D in recent years has begun to increase the stock, and it is projected to increase to \$634 billion in 2013.

The growth of the nondefense R&D stock slowed from the 1970s to the 1980s, from an annual rate of 3.4 percent in the 1970s to a rate of 1.9 percent in the 1980s. Gross investment in real terms fell during the early 1980s, and about three-fourths of new outlays went to replacing depreciated R&D. Since 1988, however, nondefense R&D outlays have been on an upward trend while depreciation has edged down. As a result, the net nondefense R&D capital stock has grown more rapidly.

### The Stock of Education Capital

This section presents estimates of the stock of education capital financed by the Federal Government.

As shown in Table 21-5, the federally financed education stock is estimated at \$2,051 billion in 2011 in constant 2005 dollars. The vast majority of the Nation's education stock is financed by State and local governments, and by students and their families themselves. This federally fi-

nanced portion of the stock represents about 3.5 percent of the Nation's total education stock. About three-quarters is for elementary and secondary education, while the remainder is for higher education.

The federally financed education stock has grown steadily in the last few decades, with an average annual growth rate of 5.1 percent from 1970 to 2011. The expansion of the education stock is projected to continue under this budget, with the stock rising to \$2,275 billion in 2013.

**Table 21-5. NET STOCK OF FEDERALLY FINANCED EDUCATION CAPITAL**  
(In billions of 2005 dollars)

| Fiscal Year          | Total Education Stock | Elementary and Secondary Education | Higher Education |
|----------------------|-----------------------|------------------------------------|------------------|
| Five year intervals: |                       |                                    |                  |
| 1960 .....           | 81                    | 58                                 | 22               |
| 1965 .....           | 116                   | 84                                 | 32               |
| 1970 .....           | 266                   | 209                                | 57               |
| 1975 .....           | 397                   | 321                                | 76               |
| 1980 .....           | 548                   | 431                                | 118              |
| 1985 .....           | 656                   | 493                                | 163              |
| 1990 .....           | 833                   | 620                                | 213              |
| 1995 .....           | 997                   | 727                                | 269              |
| 2000 .....           | 1,286                 | 937                                | 349              |
| Annual data:         |                       |                                    |                  |
| 2005 .....           | 1,543                 | 1,126                              | 416              |
| 2006 .....           | 1,637                 | 1,179                              | 458              |
| 2007 .....           | 1,736                 | 1,250                              | 486              |
| 2008 .....           | 1,842                 | 1,332                              | 509              |
| 2009 .....           | 1,901                 | 1,397                              | 504              |
| 2010 .....           | 1,964                 | 1,465                              | 499              |
| 2011 .....           | 2,051                 | 1,533                              | 518              |
| 2012 est. ....       | 2,172                 | 1,630                              | 542              |
| 2013 est. ....       | 2,275                 | 1,709                              | 566              |





## 22. RESEARCH AND DEVELOPMENT

The President is focused on expanding near-term economic growth and job creation, while at the same time strengthening our economy for long-term resilience and prosperity. In order to be globally competitive in the 21st Century and to create an economy that is built to last, we must not only put this Nation on a sustainable fiscal path, as this Budget does, but we must also create an environment where invention, innovation, and industry can flourish. That starts with continuing investment in the basic research, science, and technology from which new products, new businesses, and even new industries are formed. Scientific discovery, technological breakthroughs, and innovation are major engines for expanding the frontiers of human knowledge and are indispensable for promoting sustainable economic growth, moving toward a clean energy future, improving the health of the population, addressing global climate change challenges, managing competing demands on the environment, and safeguarding our national security.

The President's 2013 Budget provides \$141 billion for Federal research and development (R&D), including the conduct of R&D and investments in R&D facilities and equipment. Even in the current highly constrained budget environment, the Administration continues to champion R&D, providing a 1 percent funding increase over 2012 levels for all R&D, and an increase of 5 percent for non-defense R&D. This investment reinforces the Administration's commitment to science, technology,

and innovation that will help the country make progress toward increasing U.S. productivity and competitiveness, and underpin the industries and jobs of the future. In conjunction with this investment, the 2013 Budget's proposed expanded, simplified, and permanent extension of the Research and Experimentation tax credit will spur private investment in R&D by providing certainty that the credit will be available for the duration of the R&D investment.

The 2013 Budget continues to strengthen U.S. international leadership by investing in the 21st century's high-tech knowledge-based economy, including advanced manufacturing that will enable us to lead the world in clean energy, agriculture, and healthcare while protecting the environment for future generations. The Budget will help ensure that the U.S. continues its long-standing and overwhelming leadership in public and private sector R&D and maintains the high quality of our R&D institutions and entrepreneurial nature of our R&D enterprise.

As required by the America COMPETES Act of 2007, the Budget's priorities generally align with the conclusions of the report from the National Science and Technology Summit held in August 2008. In January 2011, the President signed into law the America COMPETES Reauthorization Act of 2010, reauthorizing various programs intended to strengthen research and education in the U.S. related to science, technology, engineering, and mathematics.

### I. PRIORITIES FOR FEDERAL RESEARCH AND DEVELOPMENT<sup>1</sup>

The Budget provides support for a wide spectrum of research and development, including multidisciplinary research and promising exploratory and high-risk research proposals that could fundamentally improve our understanding of nature, revolutionize fields of science, and lead to radically new technologies. The Budget will fund key programs to improve our productivity and to create new technologies that can meet our Nation's needs better, cheaper, and with fewer environmental consequences.

#### **Promoting Sustainable Economic Growth and Job Creation**

The Administration recognizes the Government's role in fostering scientific and technological breakthroughs, and has committed significant resources to ensure America leads the world in the innovations of the future. The Budget provides \$64 billion for basic and applied re-

search, targeting 3 percent growth over the 2012 levels because such research is a reliable source of new knowledge to drive job creation and lasting economic growth.

The President's 2013 Budget maintains his commitment to double Federal investment in key basic research agencies: the National Science Foundation (NSF), the Department of Energy (DOE) Office of Science, and the laboratories of the Department of Commerce (DOC) National Institute of Standards and Technology (NIST), as called for in the America COMPETES Act of 2010. The Budget proposes \$13.1 billion in 2013 for these three agencies, an increase of \$0.6 billion (4.4 percent) over 2012 funding. Priorities for 2013 include: core research programs, sustainability, and wireless communications at NSF; basic energy sciences, frontier research activities, and innovative materials at DOE; and advanced manufacturing and cybersecurity at NIST. Many of the basic research efforts at these agencies contribute to Administration priorities in advanced manufacturing, clean energy, global climate change, and math and science education.

Private sector R&D investments remain essential to foster innovation as they provide a much wider range of

<sup>1</sup>Note that some numbers in the text include non-R&D activities and thus will be different from the R&D numbers reflected in Table 22-1.

technology options than the Government alone can provide and play a critical role in translating scientific discoveries into commercially successful, innovative products and services. In order to provide businesses with greater confidence to invest, innovate, and grow, the Budget proposes to simplify and expand the Research and Experimentation tax credit, and make it permanent.

### **Moving Toward a Clean Energy Future**

The Administration intends for the United States to lead the world in research, development, demonstration, and deployment of clean-energy technology to reduce dependence on oil and other energy imports and to mitigate the impact of climate change while creating high-paying, high-skilled clean energy jobs and new businesses. The Budget reflects the Administration's comprehensive strategy on clean energy, which starts with basic and applied research to address some of the fundamental unknowns to advancing clean energy technologies, such as developing advanced light-weight, ultra-strong materials; followed by research and development to create clean energy products, like solar panels, batteries and electric vehicles, wind turbines, and modular nuclear reactors; and then providing appropriate assistance to American entrepreneurs to commercialize the technologies that will lead the world in new clean energy technology.

We will dedicate nearly \$6.7 billion to clean energy research, development, demonstration, and deployment government-wide to accelerate the transition to a low-carbon economy and position the United States as the world leader in clean energy technology. This increase of about \$760 million is 13 percent above the 2012 enacted level. The Department of Energy will invest an additional \$580 million, or 13 percent above 2012 levels, to advance the state of the art in clean energy technologies such as industrial and building energy efficiency, next generation biofuels, and renewable electricity generation from solar, wind, and geothermal resources.

Specifically, the 2013 Budget provides a total of \$1.2 billion for energy efficiency activities at the Department of Energy, including initiatives to improve the energy productivity of our industries, vehicles, and buildings, with a focus on improving clean-vehicle technologies and advanced manufacturing materials and processes. It sustains crucial support for renewable electricity research, development, and demonstration (RD&D) activities, including: \$310 million for the SunShot Initiative to make solar energy cost-competitive without subsidies across the nation by the end of the decade; \$95 million for wind energy, including off-shore wind technologies; and \$65 million for geothermal energy and enhanced geothermal systems. It also includes \$770 million to support nuclear energy, including research and development in areas of fuel cycle and reactor technologies, and \$276 million for an R&D portfolio of carbon capture and storage technologies and advanced coal-fueled power systems that reduce the carbon emission intensity of fossil fuel-based power systems. The Budget includes funding to maintain and expand new models of energy research pioneered

in the last several years, including \$350 million for the Advanced Research Projects Agency-Energy (ARPA-E), a program that seeks to fund transformational energy R&D. The Budget also proposes \$292 million in the U.S. Department of Agriculture and \$493 million at the U.S. Department of Energy for bioenergy RD&D including development of next-generation biofuels like cellulosic and algae-based biofuels that displace oil consumption and reduce greenhouse gas emissions.

### **Defeating Dangerous Diseases and Achieving Better Health Outcomes**

The Administration is committed to funding Federal R&D investments in biomedical and health research and supporting policies to improve health. The 2013 Budget strongly supports research that has the potential to accelerate the pace of discovery in the life sciences, especially imaging, bioinformatics, and high-throughput biology, that also has the potential to support the bioeconomy of the future.

The 2013 Budget proposes \$30.7 billion for the National Institutes of Health (NIH) to support high-quality, innovative biomedical research both on-campus and at research institutions across the country. Through implementation of the National Center for Advancing Translational Sciences and the Cures Acceleration Network, NIH will increase its focus on bridging the translational divide between basic science and therapeutic applications. To get the most from these investments, NIH will increase its focus on reducing barriers along the path to clinical trials, which will facilitate the development of new therapeutics to treat diseases and disorders that affect millions of Americans. NIH will implement new grants management policies to increase the number of new research grants awarded and continue focusing resources on new investigators.

The Budget includes approximately \$312 million in mandatory R&D funding for the independent Patient-Centered Outcomes Research Institute (PCORI) to conduct clinical comparative effectiveness research, as authorized by the Affordable Care Act. PCORI and the Department of Health and Human Services receive funding from the Patient-Centered Outcomes Research Trust Fund, which will begin to receive increased collections in 2013.

The Budget also proposes more than \$1 billion for medical and prosthetic research across the Department of Veterans Affairs.

### **Understanding Global Climate Change and Its Impacts**

The U.S. Global Change Research Program (USGCRP) integrates Federal research and solutions for climate and global change. Within coordinated USGCRP interagency investments under a new strategic plan, the 2013 Budget supports an integrated and continuing National Climate Assessment of climate change science, impacts, vulnerabilities, and response strategies. The 2013 Budget provides \$2.6 billion for USGCRP programs.

## Stewardship of Natural Resources

Sustainable stewardship of natural resources requires strong investments in research and development in the natural sciences. The 2013 Budget provides \$2.6 billion in R&D funding for environmental stewardship at the Department of the Interior (DOI), Environmental Protection Agency (EPA), National Oceanic and Atmospheric Administration (NOAA), and Department of Agriculture (USDA). Highlights include new spending and coordination between DOE, EPA, and the DOI's U.S. Geological Survey to understand and address potential impacts of natural gas development using hydraulic fracturing which, with appropriate safeguards, can provide an important domestic supply of energy and stimulate economic development. The Budget provides strong support for R&D related to the management of ecosystems, invasive species, public lands, and water. The Budget also provides strong scientific support for the National Ocean Policy with investments in marine sensor technology, oceanographic observations, expanded fisheries science and stock assessments, and understanding coastal issues such as harmful algal blooms and rising sea levels. The Budget strengthens investments in the safety and security of the Nation through research and development related to hazards such as earthquakes, floods, and extreme weather. USDA direct spending for environmental R&D supports improvements in water quantity and quality, sustainable agricultural production, and climate change adaptation.

## Science and Technology for Security

Federal R&D investments in security assure that we have the technologies needed to protect our troops, citizens, and National interests against current and emerging threats, including technologies needed to verify arms control and nonproliferation agreements essential to our security and to the security of cyberspace. R&D investments made in the 2013 Budget for Security focus on those areas deemed to have the greatest payoff for warfighting success in the future. The 2013 Budget provides \$71 billion for Department of Defense (DOD) R&D, including construction of military R&D facilities, a decrease of \$1.5 billion from the 2012 enacted level, mostly due to reductions in development activities as programs mature and transition to production.

The 2013 Budget sustains DOD's critical role in fostering technological advances in support of U.S. military forces with \$2.8 billion for the Defense Advanced Research Projects Agency (DARPA) for its support of longer-term breakthrough research.

The Budget proposes \$6.6 billion for DOD basic and applied research divided among the military services, DARPA and other DOD agencies. In this way, the Budget maintains scientific and technological preeminence for our Armed Forces.

The Budget invests in the technological capabilities necessary to monitor nuclear nonproliferation compliance and to prevent weapons of mass destruction from entering the country. The Budget proposes \$548 million for DOE's nonproliferation and verification R&D portfolio.

The Budget increases investments to develop state-of-the-art technologies and solutions for Federal, State, and local homeland security operators. The Budget proposes \$831 million to restore funding to Department of Homeland Security R&D programs that protect the Nation's people and critical infrastructure from chemical, biological, and cyber attacks.

Responding to the President's Council of Advisors on Science and Technology (PCAST) 2011 report, "Ensuring American Leadership in Advanced Manufacturing", the 2013 Budget invests in DOD capabilities which control weapon system costs and ensure that the defense industrial base is innovative and responsive to warfighter needs.

## Strengthening Key Cross-cutting Areas

In order to address these priorities effectively, the Administration recognizes the need to strengthen key cross-cutting areas.

**Science, technology, engineering, and mathematics (STEM) education:** Students need to master science, technology, engineering, and mathematics (STEM) in order to thrive in the 21st Century economy. Steadily, we have seen other nations eclipse ours in preparing their children in these critical fields. That is why the President is committed to strengthening STEM education, from elementary school to post-graduate education to lifelong learning. Over the past year, the National Science and Technology Council's (NSTC) new Committee on STEM Education (CoSTEM) has conducted a comprehensive inventory of Federal STEM education programs as the foundation for a forthcoming 5-year Federal STEM Education Strategic Plan. The 2013 Budget invests \$3.0 billion in STEM education programs throughout the Federal government.

The Budget emphasizes support for researchers at the beginning of their careers to sustain and expand the Nation's scientific and technical workforce, including \$243 million for NSF's Graduate Research Fellowship Program to support 4,900 fellows in 2013.

The Budget also proposes significant investments in STEM education at the Department of Education. Through the reauthorization of the Elementary and Secondary Education Act, the Administration is seeking to create the Effective Teaching and Learning: STEM program, which would support State and local efforts to implement a comprehensive strategy for the provision of high-quality STEM instruction to students from pre-K-12. In conjunction with its investment in the Effective Teaching and Learning: STEM program, the Budget dedicates an additional \$30 million to the Fund for the Improvement of Education for an evidence-based mathematics initiative to be jointly administered with a comparable \$30 million effort at NSF. The Budget also invests \$80 million in the Department of Education for preparing 100,000 effective STEM teachers over the next decade, as announced in the 2011 State of the Union address and reserves a portion of funds within the Investing in Innovation program to support the Advanced Research Projects Agency-Education

(ARPA-ED) to promote breakthrough innovations in educational technologies.

**Advanced Manufacturing:** In June 2011, the President launched the Advanced Manufacturing Partnership (AMP), a national effort that brings together industry, universities and the Federal government to invest in emerging technologies that will create high-quality manufacturing jobs and enhance our global competitiveness. The 2013 Budget provides \$2.2 billion for Federal advanced manufacturing R&D at NSF, DOD, DOE, DOC, and other agencies. For example, the Budget provides DOE with \$290 million to expand R&D on innovative manufacturing processes and advanced industrial materials that will enable U.S. companies to cut the costs of manufacturing by using less energy, while improving quality and accelerating product development. The Administration also provides additional funding at DOC NIST to enhance the competitiveness of U.S. manufacturing by promoting development of new manufacturing technologies with broad applications. In addition, as part of the broader effort, the Budget invests in the National Robotics Initiative (NRI) to develop robots that work with or beside people to extend or augment human capabilities because, in addition to having applications in space, biology, and security, robots have the potential to increase the productivity of workers in the manufacturing sector. Another important component of the advanced manufacturing R&D agenda is the Materials Genome Initiative: in the same way that the Human Genome Project accelerated a range of biological sciences by identifying and deciphering human genetic code, this initiative will speed our understanding of the fundamentals of materials science, providing a wealth of practical information that entrepreneurs and innovators will be able to use to develop new products and processes for U.S. firms.

**Aerospace capabilities:** The Budget provides \$17.7 billion for the National Aeronautics and Space Administration (NASA) to support NASA's efforts to drive innovation through the aerospace sector by increasing funding for space technology programs that will enhance

our capabilities in space. Such capabilities are essential for communications, geopositioning, intelligence gathering, Earth observation, and national defense. As part of these efforts, NASA will embark on technology development and test programs aimed at increasing these capabilities and reducing the cost of NASA, other government, and U.S. commercial space activities. NASA will also support innovative fundamental research and systems-level applications to reduce fuel needs, noise, and emissions of aircraft. Within NASA, the Budget provides \$1.8 billion for Earth Science to sustain progress toward important satellite missions and research to advance climate science and to sustain vital space-based Earth observations. The Budget also provides \$1.8 billion for NOAA to fund development of the next generation of polar-orbiting and geostationary satellite systems, as well as satellite-borne measurements of sea level and potentially damaging solar storms, which are critical to weather forecasting and climate monitoring.

**Infrastructure:** The Administration places a high priority on improving and protecting our information, communication, and transportation infrastructure, which is essential to our commerce, science, and security alike. As part of the National Wireless Initiative included in the American Jobs Act, NIST will create a Wireless Innovation (WIN) Fund to help develop cutting-edge wireless technologies for public safety users. The WIN Fund will provide up to \$300 million from spectrum auction proceeds to help industry and public safety organizations conduct research and develop new standards, technologies and applications to advance public safety communications in support of the initiative's efforts to build an interoperable nationwide broadband network for first responders.

As part of the Administration's surface transportation reauthorization, the Budget provides additional funding within the Department of Transportation (DOT) for highway research, technology deployment, and vehicle safety activities aimed at addressing current and emerging needs facing our nation's transportation system.

## II. FEDERAL R&D DATA

R&D is the collection of efforts directed toward gaining greater knowledge or understanding and applying knowledge toward the production of useful materials, devices, and methods. R&D investments can be characterized as basic research, applied research, development, R&D equipment, or R&D facilities. The Office of Management and Budget has used those or similar categories in its collection of R&D data since 1949.

### Federal R&D Funding

More than 20 Federal agencies fund R&D in the United States. The nature of the R&D that these agencies fund depends on the mission of each agency and on the role of R&D in accomplishing it. Table 22-1 shows agency-by-agency spending on basic and applied research, development, and R&D equipment and facilities.

**Basic research** is systematic study directed toward a fuller knowledge or understanding of the fundamental aspects of phenomena and of observable facts without specific applications towards processes or products in mind. Basic research, however, may include activities with broad applications in mind.

**Applied research** is systematic study to gain knowledge or understanding necessary to determine the means by which a recognized and specific need may be met.

**Development** is systematic application of knowledge or understanding, directed toward the production of useful materials, devices, and systems or methods, including design, development, and improvement of prototypes and new processes to meet specific requirements.

**Research and development equipment** includes acquisition or design and production of movable equipment, such as spectrometers, research satellites, detectors, and

other instruments. At a minimum, this category should include programs devoted to the purchase or construction of R&D equipment.

**Research and development facilities** include the acquisition, design, and construction of, or major repairs or alterations to, all physical facilities for use in R&D ac-

tivities. Facilities include land, buildings, and fixed capital equipment, regardless of whether the facilities are to be used by the Government or by a private organization, and regardless of where title to the property may rest. This category includes such fixed facilities as reactors, wind tunnels, and particle accelerators.

### III. MULTI-AGENCY R&D ACTIVITIES

Many research investments into the most promising areas for future industry and job creation are being addressed through multi-agency research activities coordinated through the National Science and Technology Council (NSTC) and other interagency forums. Most of these challenges simply cannot be addressed effectively by a single agency. Moreover, innovation often arises from combining the tools, techniques, and insights from multiple agencies. Details of three such interagency efforts – networking and information technology R&D, nanotechnology R&D, and climate change R&D – are described below.

**Networking and Information Technology R&D:** The multi-agency Networking and Information Technology Research and Development (NITRD) Program provides strategic planning for and coordination of agency research efforts in cyber security, high-end computing systems, advanced networking, software development, high-confidence systems, health IT, wireless spectrum sharing, cloud computing, and other information technologies.

The 2013 Budget includes a focus on research to improve our ability to derive value and scientific inferences from unprecedented quantities of data, and continues to emphasize foundations for assured computing and secure hardware, software, and network design and engineering to address the goal of making Internet communications more secure and reliable. Budget information for NITRD is available at [www.nitrd.gov](http://www.nitrd.gov).

**Nanotechnology R&D:** To accelerate nanotechnology development in support of the President's priorities and innovation strategy, the National Nanotechnology Initiative (NNI) member agencies focus on R&D of materials, devices, and systems that exploit the unique physical, chemical, and biological properties that emerge in materials at the nanoscale (approximately 1 to 100 nanometers). Participating agencies continue to support fundamental research for nanotechnology-based innovation, technology transfer, and nanomanufacturing through individual investigator awards; multidisciplinary centers of excellence; education and training; and infrastructure

and standards development, including openly-accessible user facilities and networks. Furthermore, agencies have identified and are pursuing Nanotechnology Signature Initiatives in the national priority areas of nanomanufacturing, solar energy, and nanoelectronics through close alignment of existing and planned research programs, public-private partnerships, and research roadmaps (for details see [nano.gov/initiatives/government/signature](http://nano.gov/initiatives/government/signature)).

The NNI agencies are guided by two strategic documents developed by the Nanoscale Science, Engineering, and Technology Subcommittee of the National Science and Technology Council. The 2011 NNI Strategic Plan aligns nanoscale science and technology research with the NNI's four goals and includes specific, measurable objectives for each goal ([nano.gov/node/581](http://nano.gov/node/581)). The 2011 NNI Environmental, Health, and Safety Research Strategy ([nano.gov/node/681](http://nano.gov/node/681)) delineates a research and implementation framework that will produce the information necessary to protect public health and the environment, foster product development and commercialization, and consider the ethical, legal, and societal issues associated with technology development. Budget information is available at [nano.gov](http://nano.gov).

**Climate Change R&D:** The U.S. Global Change Research Program (USGCRP) integrates and coordinates Federal research and applications to assist the nation and the world to understand, assess, predict, and respond to human-induced and natural processes of global change. The 2013 Budget supports the goals set forth in the program's new decadal strategic plan, which include: advance scientific knowledge of the integrated natural and human components of the Earth system; provide the scientific basis to inform and enable timely decisions on adaptation and mitigation; build sustained assessment capacity that improves the United States' ability to understand, anticipate, and respond to global change impacts and vulnerabilities; and advance communications and education to broaden public understanding of global change. Reports and general information about the USGCRP are available on the program's website, [www.globalchange.gov](http://www.globalchange.gov).

**Table 22-1. FEDERAL RESEARCH AND DEVELOPMENT SPENDING**  
(Budget authority, dollar amounts in millions)

|                                                     | 2011 Actual    | 2012 Estimate  | 2013 Proposed  | Dollar Change:<br>2013 to 2012 | Percent<br>Change: 2013 to<br>2012 |
|-----------------------------------------------------|----------------|----------------|----------------|--------------------------------|------------------------------------|
| <b>By Agency</b>                                    |                |                |                |                                |                                    |
| Defense .....                                       | 77,500         | 72,739         | 71,204         | -1,535                         | -2%                                |
| Health and Human Services .....                     | 31,186         | 31,153         | 31,400         | 247                            | 1%                                 |
| Energy .....                                        | 10,673         | 11,019         | 11,903         | 884                            | 8%                                 |
| NASA .....                                          | 9,099          | 9,399          | 9,602          | 203                            | 2%                                 |
| National Science Foundation .....                   | 5,486          | 5,680          | 5,904          | 224                            | 4%                                 |
| Commerce .....                                      | 1,275          | 1,258          | 2,573          | 1,315                          | 105%                               |
| Agriculture .....                                   | 2,135          | 2,331          | 2,297          | -34                            | -1%                                |
| Veterans Affairs .....                              | 1,160          | 1,164          | 1,166          | 2                              | 0%                                 |
| Transportation .....                                | 953            | 944            | 1,076          | 132                            | 14%                                |
| Interior .....                                      | 757            | 796            | 854            | 58                             | 7%                                 |
| Homeland Security .....                             | 664            | 577            | 729            | 152                            | 26%                                |
| Environmental Protection Agency .....               | 584            | 568            | 580            | 12                             | 2%                                 |
| Education .....                                     | 362            | 392            | 398            | 6                              | 2%                                 |
| Patient-Centered Outcomes Research Trust Fund ..... | 40             | 120            | 312            | 192                            | 160%                               |
| Smithsonian Institution .....                       | 259            | 243            | 243            | 0                              | 0%                                 |
| Other .....                                         | 581            | 486            | 579            | 93                             | 19%                                |
| <b>TOTAL .....</b>                                  | <b>142,714</b> | <b>138,869</b> | <b>140,820</b> | <b>1,951</b>                   | <b>1%</b>                          |
| <b>Basic Research</b>                               |                |                |                |                                |                                    |
| Defense .....                                       | 1,877          | 2,111          | 2,116          | 5                              | 0%                                 |
| Health and Human Services .....                     | 16,013         | 16,051         | 16,010         | -41                            | -0%                                |
| Energy .....                                        | 3,979          | 3,918          | 4,096          | 178                            | 5%                                 |
| NASA .....                                          | 1,197          | 1,342          | 1,379          | 37                             | 3%                                 |
| National Science Foundation .....                   | 4,636          | 4,778          | 4,987          | 209                            | 4%                                 |
| Commerce .....                                      | 154            | 166            | 193            | 27                             | 16%                                |
| Agriculture .....                                   | 933            | 929            | 904            | -25                            | -3%                                |
| Veterans Affairs .....                              | 438            | 444            | 446            | 2                              | 0%                                 |
| Transportation .....                                | .....          | .....          | .....          | .....                          | .....                              |
| Interior .....                                      | 49             | 56             | 61             | 5                              | 9%                                 |
| Homeland Security .....                             | 97             | 71             | 113            | 42                             | 59%                                |
| Environmental Protection Agency .....               | 90             | 85             | 86             | 1                              | 1%                                 |
| Education .....                                     | 6              | 6              | 6              | 0                              | 0%                                 |
| Patient-Centered Outcomes Research Trust Fund ..... | .....          | .....          | .....          | .....                          | .....                              |
| Smithsonian Institution .....                       | 201            | 202            | 207            | 5                              | 2%                                 |
| Other .....                                         | 27             | 19             | 23             | 4                              | 21%                                |
| <b>SUBTOTAL .....</b>                               | <b>29,697</b>  | <b>30,178</b>  | <b>30,627</b>  | <b>449</b>                     | <b>1%</b>                          |
| <b>Applied Research</b>                             |                |                |                |                                |                                    |
| Defense .....                                       | 4,328          | 4,737          | 4,477          | -260                           | -5%                                |
| Health and Human Services .....                     | 15,066         | 14,919         | 15,192         | 273                            | 2%                                 |
| Energy .....                                        | 3,575          | 3,857          | 4,152          | 295                            | 8%                                 |
| NASA .....                                          | 2,343          | 2,799          | 2,842          | 43                             | 2%                                 |
| National Science Foundation .....                   | 455            | 450            | 459            | 9                              | 2%                                 |
| Commerce .....                                      | 742            | 785            | 1,478          | 693                            | 88%                                |
| Agriculture .....                                   | 1,174          | 1,143          | 1,127          | -16                            | -1%                                |
| Veterans Affairs .....                              | 628            | 630            | 630            | 0                              | 0%                                 |
| Transportation .....                                | 701            | 673            | 821            | 148                            | 22%                                |
| Interior .....                                      | 626            | 621            | 669            | 48                             | 8%                                 |
| Homeland Security .....                             | 154            | 116            | 176            | 60                             | 52%                                |
| Environmental Protection Agency .....               | 407            | 398            | 407            | 9                              | 2%                                 |
| Education .....                                     | 221            | 228            | 233            | 5                              | 2%                                 |
| Patient-Centered Outcomes Research Trust Fund ..... | 40             | 120            | 312            | 192                            | 160%                               |
| Smithsonian Institution .....                       | .....          | .....          | .....          | .....                          | .....                              |
| Other .....                                         | 373            | 307            | 394            | 87                             | 28%                                |
| <b>SUBTOTAL .....</b>                               | <b>30,833</b>  | <b>31,783</b>  | <b>33,369</b>  | <b>1,586</b>                   | <b>5%</b>                          |

**Table 22-1. FEDERAL RESEARCH AND DEVELOPMENT SPENDING—Continued**  
(Budget authority, dollar amounts in millions)

|                                                     | 2011 Actual   | 2012 Estimate | 2013 Proposed | Dollar Change:<br>2013 to 2012 | Percent<br>Change: 2013 to<br>2012 |
|-----------------------------------------------------|---------------|---------------|---------------|--------------------------------|------------------------------------|
| <b>Development</b>                                  |               |               |               |                                |                                    |
| Defense .....                                       | 71,205        | 65,786        | 64,536        | -1,250                         | -2%                                |
| Health and Human Services .....                     | 20            | 20            | 20            | 0                              | 0%                                 |
| Energy .....                                        | 2,361         | 2,387         | 2,855         | 468                            | 20%                                |
| NASA .....                                          | 5,299         | 4,975         | 5,131         | 156                            | 3%                                 |
| National Science Foundation .....                   | .....         | .....         | .....         | .....                          | .....                              |
| Commerce .....                                      | 125           | 98            | 270           | 172                            | 176%                               |
| Agriculture .....                                   | 177           | 167           | 174           | 7                              | 4%                                 |
| Veterans Affairs .....                              | 94            | 90            | 90            | 0                              | 0%                                 |
| Transportation .....                                | 228           | 246           | 234           | -12                            | -5%                                |
| Interior .....                                      | 80            | 116           | 121           | 5                              | 4%                                 |
| Homeland Security .....                             | 261           | 199           | 299           | 100                            | 50%                                |
| Environmental Protection Agency .....               | 87            | 85            | 87            | 2                              | 2%                                 |
| Education .....                                     | 135           | 158           | 159           | 1                              | 1%                                 |
| Patient-Centered Outcomes Research Trust Fund ..... | .....         | .....         | .....         | .....                          | .....                              |
| Smithsonian Institution .....                       | .....         | .....         | .....         | .....                          | .....                              |
| Other .....                                         | 174           | 156           | 162           | 6                              | 4%                                 |
| <b>SUBTOTAL .....</b>                               | <b>80,246</b> | <b>74,483</b> | <b>74,138</b> | <b>-345</b>                    | <b>-0%</b>                         |
| <b>Facilities and Equipment</b>                     |               |               |               |                                |                                    |
| Defense .....                                       | 90            | 105           | 79            | -26                            | -25%                               |
| Health and Human Services .....                     | 87            | 163           | 178           | 15                             | 9%                                 |
| Energy .....                                        | 758           | 857           | 800           | -57                            | -7%                                |
| NASA .....                                          | 260           | 283           | 250           | -33                            | -12%                               |
| National Science Foundation .....                   | 395           | 452           | 458           | 6                              | 1%                                 |
| Commerce .....                                      | 254           | 209           | 632           | 423                            | 202%                               |
| Agriculture .....                                   | -149          | 92            | 92            | 0                              | 0%                                 |
| Veterans Affairs .....                              | .....         | .....         | .....         | .....                          | .....                              |
| Transportation .....                                | 24            | 25            | 21            | -4                             | -16%                               |
| Interior .....                                      | 2             | 3             | 3             | 0                              | 0%                                 |
| Homeland Security .....                             | 152           | 191           | 141           | -50                            | -26%                               |
| Environmental Protection Agency .....               | .....         | .....         | .....         | .....                          | .....                              |
| Education .....                                     | .....         | .....         | .....         | .....                          | .....                              |
| Patient-Centered Outcomes Research Trust Fund ..... | .....         | .....         | .....         | .....                          | .....                              |
| Smithsonian Institution .....                       | 58            | 41            | 36            | -5                             | -12%                               |
| Other .....                                         | 7             | 4             | .....         | -4                             | -100%                              |
| <b>SUBTOTAL .....</b>                               | <b>1,938</b>  | <b>2,425</b>  | <b>2,690</b>  | <b>265</b>                     | <b>11%</b>                         |





## 23. CREDIT AND INSURANCE

The Federal Government offers direct loans and loan guarantees to support a wide range of activities including home ownership, education, small business, farming, energy, infrastructure investment, and exports. Also, Government-Sponsored Enterprises (GSEs) operate under Federal charters for the purpose of enhancing credit availability for targeted sectors. Through its insurance programs, the Federal Government insures deposits at depository institutions, guarantees private defined-benefit pensions, and insures against some other risks such as flood and terrorism. Over the last few years, many of these programs have been playing more active roles to address financing difficulties triggered by the recent financial crisis.

This chapter discusses the roles of these diverse programs:

- The first section emphasizes the roles of Federal credit and insurance programs in addressing mar-

ket imperfections that may prevent the private market from efficiently providing credit and insurance.

- The second section discusses individual credit programs and the GSEs. Credit programs are broadly classified into five categories: housing, education, small business and farming, energy and infrastructure, and international lending.
- The third section reviews Federal deposit insurance, pension guarantees, disaster insurance, and insurance against terrorism and other security-related risks.
- The last section is devoted to some special issues that merit more attention and analyses. The focus this year is on issues surrounding “fair value” cost estimates for Federal credit programs. The discussion of fair value is followed by a brief discussion of public-private partnership.

### I. THE FEDERAL ROLE

Credit and insurance markets sometimes fail to function smoothly due to market imperfections. Relevant market imperfections include information failures, monitoring problems, limited ability to secure resources, insufficient competition, externalities, and financial market instability. Federal credit and insurance programs may improve economic efficiency if they effectively fill the gaps created by market imperfections. But the presence of a market imperfection does not mean that Government intervention will always be effective. To be effective, a credit or insurance program should be carefully designed to reduce inefficiencies in the targeted area without disturbing efficiently functioning areas.

**Information Failures.** When lenders have insufficient information about borrowers, they may fail to evaluate the creditworthiness of borrowers accurately. As a result, some creditworthy borrowers may fail to obtain credit at a reasonable interest rate, while some high-risk borrowers obtain credit at an attractive interest rate. The problem becomes more serious when borrowers are much better informed about their own creditworthiness than lenders (asymmetric information). With asymmetric information, raising the interest rate can disproportionately draw high-risk borrowers who care less about the interest rate (adverse selection). Thus, if adverse selection is likely for a borrower group, lenders may limit the amount of credit to the group instead of raising the interest rate or even exclude the group all together. In this situation, many creditworthy borrowers may fail to obtain credit even at a high interest rate. Ways to deal with this problem in the private sector include equity financing and pledging collateral. Federal credit programs play a crucial

role for those populations that are vulnerable to this information failure and do not have effective means to deal with it. Start-up businesses lacking a credit history, for example, are vulnerable to the information failure, but most of them do not have access to equity financing or sufficient collateral. Another example is students who have little income, little credit experience, and no collateral to pledge. Without Federal credit assistance, many in these groups may be unable to pursue their goals. In addition, a moderate subsidy provided by the Government can alleviate adverse selection by attracting more low-risk borrowers, although an excessive subsidy can cause economic inefficiency by attracting many borrowers with unworthy projects.

**Monitoring Needs.** Monitoring is a critical part of credit and insurance businesses. Once the price (the interest rate or the insurance premium) is set, borrowers and policyholders may have incentives to engage in risky activities. Insured banks, for example, might take more risk to earn a higher return. Although private lenders and insurers can deter risk-taking through covenants, repricing, and cancellation, Government regulation and supervision can be more effective in some cases, especially where covering a large portion of the target population is important. For a complex business like banking, close examination may be necessary to deter risk-taking. Without legal authority, close examination may be impractical. When it is difficult to prevent risk-taking, private insurers may turn down many applicants and often cancel policies, which is socially undesirable in some cases. To the extent possible, bank failures should be prevented because they can disrupt the financial market. If private-sector pen-

sions were unprotected, many retirees could experience financial hardships and strain other social safety nets.

**Limited Ability to Secure Resources.** The ability of private entities to absorb losses is more limited than that of the Federal Government. For some events potentially involving a very large loss concentrated in a short time period, therefore, Government insurance can be more reliable. Such events include large bank failures and some natural and man-made disasters that can threaten the solvency of private insurers. In addition, some lenders may have limited funding sources. Small local banks, for example, may have to rely largely on local deposits.

**Insufficient Competition.** Competition can be insufficient in some markets because of barriers to entry or economies of scale. Insufficient competition may result in unduly high prices of credit and insurance in those markets.

**Externalities.** Decisions at the individual level are not socially optimal when individuals do not capture the full benefit (positive externalities) or bear the full cost (negative externalities) of their activities. Education, for example, generates positive externalities because the general public benefits from the high productivity and

good citizenship of a well-educated person. Pollution, in contrast, is a negative externality, from which other people suffer. Without Government intervention, people will engage less than the socially optimal level in activities that generate positive externalities and more in activities that generate negative externalities.

**Financial Market Instability.** Another rationale for Federal intervention is to prevent instability in the financial market. Without deposit insurance, for example, the financial market would be much less stable. When an economic shock impairs the financial structure of many banks, depositors may find it difficult to distinguish between solvent banks and insolvent ones. In this situation, a large number of bank failures might prompt depositors to withdraw deposits from all banks (bank runs). Bank runs would make bank failures contagious and harm the entire economy. Deposit insurance is critical in preventing bank runs.

**Reducing Inequality and Increasing Access.** In addition to correcting market failures, Federal credit programs are often used to provide subsidies that reduce inequalities or extend opportunities to disadvantaged regions or segments of the population.

## II. CREDIT IN VARIOUS SECTORS

### Housing Credit Programs and GSEs

Through housing credit programs, the Federal Government promotes homeownership and housing among various target groups, including low-income people, veterans, and rural residents. Recently, the target market served has expanded dramatically due to the financial crisis.

During the Great Depression, a typical mortgage required a down-payment of around 50 percent and a balloon payment of principal within a few years. Limitations in financial and communication technologies and restrictions on financial institutions made it difficult for surplus funds in one part of the country to be shifted to other parts of the country to finance residential housing. Starting in 1932, the Congress responded by creating a series of entities and programs that together promoted the development of long-term, amortizing mortgages and facilitated the movement of capital to support housing finance.

A key element of this response was the creation of the Federal Housing Administration (FHA) in 1934. Another element was the establishment of several entities designed to develop secondary mortgage markets and to facilitate the movement of capital into housing finance. These entities were chartered by the Congress with public missions and endowed with certain benefits that gave them competitive advantages when compared with fully private companies.

The consequences of inflated house prices and loose mortgage underwriting during the housing bubble that peaked in 2007 are perilous conditions for many American homeowners. As broader economic conditions soured and home prices declined, millions of families have been fore-

closed upon, millions more find themselves owing more on their homes than their homes are worth, and many communities have been destabilized. To make matters more difficult, private capital had all but disappeared from the market. Without the unprecedented Federal support provided to the housing market over the last four years, the situation would be far more problematic.

### Federal Housing Administration

The Federal Housing Administration (FHA) guarantees mortgage loans to provide access to homeownership for people who may have difficulty obtaining a conventional mortgage. FHA has been a primary facilitator of mortgage credit for first-time and minority buyers, a pioneer of products such as the 30-year self-amortizing mortgage, and a vehicle to enhance credit for many moderate and low-income households. It continues to have an important place in the mortgage market, but its roles, and hence its risks, also continue to shift.

### FHA and the Mortgage Market

In the early 2000s, FHA's market presence diminished greatly as low interest rates increased the affordability of mortgage financing and more borrowers used emerging non-prime mortgage products, including subprime and Alt-A mortgages. Many of these products had exotic and risky features such as low "teaser rates" offered for periods as short as the first two years of the mortgage, high loan-to-value ratios (with some mortgages exceeding the value of the house), and interest-only loans requiring full payoff at a set future date. The Alt-A mortgage made credit easily available by waiving documentation of income or assets. This competition eroded the market share

of FHA's single-family loans, reducing it from 9 percent in 2000 to less than 2 percent in 2005.

Starting at the end of 2007 and continuing through the present day, the availability of FHA and Government National Mortgage Association (which supports the secondary market for federally-insured housing loans by guaranteeing securities backed by such mortgages) credit guarantees has been an important factor countering the tightening of the private credit markets. With fewer conventional options, borrowers and lenders have flocked to FHA mortgages that have the advantages of being widely understood in the mortgage market, and offering ready access to the secondary markets. The annual volume of FHA's single-family mortgages soared from \$52 billion in 2006 to \$330 billion in 2009.

FHA's presence has supported the home purchase market and enabled many existing homeowners to re-finance at today's lower rates. If not for such re-financing options, many homeowners would face higher risk of foreclosure due to the less favorable terms of their current mortgages.

While the provision of FHA insurance is serving a valuable role in addressing the needs of the present, the potential return of conventional finance to the mortgage market—with appropriate safeguards for consumers and investors including proper assessment and disclosure of risk—would broaden both the options available to borrowers and the sources of capital to fund those options. The Administration supports a greater role for non-federally-assisted mortgage credit, while recognizing that FHA will continue to play an important role in the mortgage market going forward.

Following its peak in 2009, FHA's new origination loan volume declined in 2011 to \$218 billion. There is also evidence that FHA's market footprint is contracting. FHA's share of new home purchase loans declined to 24 percent in the first half of 2011, after peaking at 30 percent in 2009. Part of this decline is likely due to the increased price of FHA insurance, as discussed in detail below.

### ***FHA's Budget Costs***

Throughout the recent period of stress in the mortgage market and into the Budget's projections for 2013, FHA, like all other mortgage market participants, has faced significant financial risk and incurred large costs associated with defaults on loans made prior to the housing bubble's burst. Since 1992, the net cost of FHA Mutual Mortgage Insurance (MMI) Fund insurance (comprised of nearly all FHA single-family mortgages and, beginning with 2008 originations, Home Equity Conversion Mortgages) has been reestimated and increased by a total of \$49.1 billion excluding interest, with \$20.0 billion of that reestimate occurring in the last three years.

FHA's budget estimates are volatile and prone to forecast error because default claim rates are sensitive to economic developments which are hard to predict. Insurance premium revenues are spread thinly but universally over pools of policyholders, making those inflows generally stable and easy to predict with low error. Mortgage insurance costs, however, are concentrated in the small minority of borrowers who default and become claims, with

the average per claim cost much larger than the average premium income. Therefore, if claims change by even a small fraction of borrowers (e.g., 1 percent), net insurance costs will move by a multiple of that change. For other forms of insurance, such as life and health, these changes tend to gradually occur over time, allowing actuaries to anticipate the effects and modify risk and pricing models accordingly. The history of FHA, however, has been spotted with rapid, unanticipated changes in claim costs and recoveries. FHA is vulnerable to "Black Swans," outlier events that are difficult to predict and have deep effect. For FHA, these include the collapse of house prices nationwide and the emergence of lending practices with very high claim rates, such as the now illegal seller-financed, down-payment mortgage. These amplify otherwise normal estimation errors, contributing to large reestimates.

One of the major benefits of an FHA-insured mortgage is that it provides a homeownership option for borrowers who make only a modest down-payment, but show that they are creditworthy and have sufficient income to afford the house they want to buy. In 2010, 68 percent of new FHA loans were financed with less than five percent down. The disadvantage to these low, down-payment mortgages is that they have little in the way of an equity cushion should house prices decline. When house price declines or stagnation combines with household income loss, limited equity makes mortgage claims more likely, as the market price for a home may not be sufficient to pay off the debt.

FHA has safeguards (such as requiring documented income) to protect it from the worst credit-risk exposure, such as that experienced in the private sector subprime and Alt-A markets. All parties with credit-risk, however, have been significantly hurt by house price depreciation and the prospect of continued weakness in the near-term. FHA's exposure is more limited than many other mortgage market participants, however, due to a relatively lower number of mortgages in higher cost markets and a low volume of originations until 2008.

Combining all these factors, FHA recorded a reestimate excluding interest of \$6.6 billion in 2012 in the expected costs of its outstanding loan portfolio of the MMI Fund. Under the provisions of the Federal Credit Reform Act, these subsidy reestimate costs are recorded as mandatory outlays in the year the reestimates are performed and will increase the 2012 budget deficit. According to its annual actuarial analysis, FHA has been below the target minimum capital ratio of 2 percent since 2009. As the housing market recovers, the actuarial review projects that the ratio will again exceed 2 percent by 2015. However, it is important to note that a low capital ratio does not threaten FHA's operations, either for its existing portfolio or for new books of business. Unlike private lenders, the guarantee on FHA and other Federal loans is backed by the full faith and credit of the Federal Government and is not dependent on capital reserves to honor its commitments.

### ***Policy Responses to Enhance FHA's Risk Management and Capital Reserve***

Since 2008, FHA has increased insurance premiums and tightened underwriting criteria to reduce risk, bolster its capital resources, and encourage the re-entry of private finance into the mortgage market. These steps result from analyzing: 1) the ongoing broader housing market stabilization and recovery; 2) the credit risk of specific targeted populations; and 3) FHA MMI Fund capital reserves. This approach balances the goal of rebuilding FHA's capital reserves quickly against the risks of compromising FHA's mission and overcorrecting during this critical time in the housing market recovery.

To increase FHA's capital resources and to encourage the return of large-scale private mortgage financing, there have been four premium increases since 2008. Later this year, FHA will implement another increase of 0.1 percentage points in annual premiums. For a typical borrower, the cumulative increases since 2008 are roughly equivalent to an increase in annual premiums of 0.65 percentage points. While this is a significant increase, its impact on the housing market should be modest. With high housing affordability resulting from low interest rates and decreased house prices, the main obstacle to housing market recovery is not high financing costs but limited credit availability.

To increase FHA support of credit while the housing market is troubled, several temporary higher loan limits have been enacted since 2008. These limits cap the size of FHA mortgages at the lesser of \$729,750 or 125 percent of area median house price while the permanent limits are the lesser of \$625,500 or 115 percent of area median price. The temporary limits expire at the end of 2013. Similar temporary loan limits for Fannie Mae and Freddie Mac expired at the end of September 2011. As a result, FHA faces less competition for eligible mortgages between \$625,500 and \$729,750, the "jumbo" mortgages. FHA has increased insurance premiums in part to encourage the return of private financing to the mortgage markets. To further this objective and provide balance against FHA's advantage in jumbos, FHA will increase the annual premiums for jumbos by 0.25 percentage points in addition to the 0.10 percentage point increase for all FHA single-family mortgages that was enacted at the end of December in the Temporary Payroll Tax Cut Continuation Act of 2011.

In 2010, FHA implemented new loan-to-value (LTV) and credit score requirements. FHA's minimum credit score was raised to 580 for borrowers making low down-payments of less than 10 percent (loan-to-value ratios above 90 percent). Other borrowers, having the security of possessing a high amount of home equity relative to low down-payment borrowers, are eligible for FHA assistance with a credit score as low as 500. FHA also is reducing allowable seller concessions from 6 percent to 3 percent or \$6,000, whichever is higher. This will conform closer to industry standards and reduce potential house price over-valuation.

In addition to the single-family mortgage insurance provided through the MMI program, FHA's General

Insurance and Special Risk Insurance (GISRI) loan guarantee programs facilitate the construction, rehabilitation, or refinancing of tens of thousands of apartments and hospital beds in multifamily housing and healthcare facilities each year. Annual loan volumes in these programs have exploded over the last several years, from less than \$5 billion in 2008 to more than \$17 billion in 2011 as alternatives to FHA financing have all but disappeared for many properties due to general stress in financial markets. However, this new countercyclical demand is concentrated in "market rate" housing properties and large hospital loans rather than FHA's traditional business of affordable housing properties receiving other forms of Federal assistance. FHA has struggled to keep up with demand and currently has an application backlog of \$9 billion. In order to improve targeting in these demand-driven programs and reduce the administrative burden and processing delays caused by the current influx of demand, beginning in 2013, FHA will selectively increase annual premiums on market rate housing loans as well as healthcare and hospital facilities. The premium increases will range from 0.05 percentage points to 0.20 percentage points. Properties that provide affordable housing for low-income families and receive HUD rental assistance or low-income housing tax credits will be exempted. These modest premium increases will generate additional receipts and will help level the playing field with private mortgage credit for these projects.

### **VA Housing Program**

The Department of Veterans Affairs (VA) assists veterans, members of the Selected Reserve, and active duty personnel in purchasing homes as recognition of their service to the Nation. The housing program substitutes the Federal guarantee for the borrower's down-payment, making the lending terms more favorable than loans without a VA guarantee. VA provided 129,479 zero down-payment loans in 2011. The number of loans VA guaranteed remained at a high level in 2011, as the tightened credit markets continued to make the VA housing program more attractive to eligible homebuyers. Additionally, the continued historically low interest rate environment of 2011 allowed 89,563 Veteran borrowers to lower the interest rate on their home mortgages. VA provided \$72 billion in guarantees to assist 343,556 borrowers in 2011, compared with \$63 billion and 303,701 borrowers in 2010.

VA also assists borrowers through joint servicing efforts with VA-guaranteed loan servicers via home retention options and alternatives to foreclosure. VA intervenes when needed to help veterans and service members avoid foreclosure through the acquired loan program, loan modifications, and assistance to complete a short sale or deed-in-lieu of foreclosure. These joint efforts helped resolve over 83 percent of defaulted VA-guaranteed loans in 2011.

### **Rural Housing Service**

The Rural Housing Service (RHS) at the U.S. Department of Agriculture (USDA) offers direct and guaranteed loans to help very-low to moderate income rural residents buy and maintain adequate, affordable housing.

RHS housing loans and loan guarantees differ from other Federal housing loan programs in that they are means-tested, making them more accessible to low-income, rural residents.

The 2013 Budget continues to reflect a re-focusing of USDA single family housing assistance programs to improve effectiveness by providing single family housing assistance primarily through loan guarantees. Within its \$24 billion loan level, the Budget expects to provide at least \$5 billion in loans for low income rural borrowers, which will provide 37,000 new homeownership opportunities to that income group. Overall, the program could potentially provide 179,000 new homeownership opportunities to low to moderate income rural residents in 2013.

For the single family housing guarantees, the Budget assumes a fee structure similar to that introduced in 2012, which is consistent with HUD's FHA guaranteed loan program. The maximum up-front fee on loans will be 2 percent, with an annual fee of 0.4 percent. This fee structure serves to reduce the overall subsidy cost of the loans without adding significant burden to the borrowers, given that the up-front fee may be financed and repaid over a long period, and that the annual fee will only be a nominal amount added to the borrower's payment each month.

For USDA's single family housing direct loan program, the Budget provides a reduced loan level of \$653 million for 2013. The reduced level represents a minimum level to allow targeted support for teachers in rural areas and beneficiaries of the mutual self-help housing program along with other very-low and low income individuals in rural areas still needing mortgage credit assistance despite historically low interest rates.

For USDA's multifamily housing portfolio, the Budget focuses primarily on portfolio management. The Budget fully funds this rehabilitation effort by providing \$34 million for the multifamily housing revitalization activities, which include loan modifications, grants, zero percent loans, and soft second loans. These activities allow borrowers to restructure their debt so that they can effectively rehabilitate properties within the portfolio in order for them to continue to supply decent, safe, affordable housing to the low and very-low income population in rural America. In addition, rental assistance grants, which are vital to the proper underwriting of the multifamily housing direct loan portfolio, are funded at \$907 million, which is sufficient to renew outstanding contracts. The Budget also authorizes \$150 million in guaranteed multifamily housing loans and \$18 million in budget authority for the Farm Labor Housing grants and loans program. The combined 2013 Budget request in the rural development multifamily housing portfolio reflects the Administration's support for the poorest rural tenant population base.

### **Government-Sponsored Enterprises in the Housing Market**

The Federal Home Loan Bank (FHLB) System, created in 1932, is comprised of twelve individual banks with shared liabilities. Together they lend money to financial institutions – mainly banks and thrifts – that are

involved in mortgage financing to varying degrees, and they also finance some mortgages using their own funds. Recent financial market conditions have led to strong net interest income for the FHLBs, but several banks have experienced significant losses on their investments in private-label mortgage-backed securities. These securities constitute 4 percent of their total portfolio. Strict collateral requirements, superior lien priority, and joint debt issuances backed by the entire system have helped the FHLBs remain solvent and stronger regulatory oversight has led to growth in FHLB system-wide capital from just above the regulatory ratio of 4 percent in 2008 to almost 7 percent in 2011.

The Federal National Mortgage Association, or Fannie Mae, created in 1938, and the Federal Home Loan Mortgage Corporation, or Freddie Mac, created in 1970, were established to support the stability and liquidity of a secondary market for residential mortgage loans. Fannie Mae's and Freddie Mac's public missions were later broadened to promote affordable housing.

Together these three GSEs currently are involved, in one form or another, with approximately half of the \$11 trillion residential mortgages outstanding in the U.S. today. Their share of outstanding residential mortgage debt peaked at 55 percent in 2003. Subsequently, originations of subprime and non-traditional mortgages led to a surge of private-label Mortgage-Backed Securities (MBS), reducing the three GSEs' market share to a low of 47 percent in 2006. Recent disruptions in the financial market, however, have led to a resurgence of their market share. The combined market share of the three GSEs was 51 percent as of September 30, 2011, a two percentage point decline from the previous year largely attributable to reductions in the retained investment portfolios of Fannie Mae and Freddie Mac.

The growing stress and losses in the mortgage markets over the last four years seriously eroded the capital of Fannie Mae and Freddie Mac, and responsive legislation enacted in July 2008 strengthened GSE regulation and provided the Treasury Department with authorities to bolster the GSEs' financial condition. In September 2008, reacting to growing GSE losses and uncertainty that threatened to paralyze the mortgage markets, the Federal Housing Finance Agency put Fannie Mae and Freddie Mac under Federal conservatorship, and Treasury began to exercise its authorities to provide assistance to stabilize the GSEs. The Budget continues to reflect the GSEs as non-budgetary entities in keeping with their temporary status in conservatorship. However, all of the current Federal assistance being provided to Fannie Mae and Freddie Mac, including capital provided by Treasury through the Senior Preferred Stock Purchase Agreements (PSPA), is shown on-budget, and discussed below.

### **Mission**

The mission of the housing GSEs is to support certain aspects of the U.S. mortgage market. The mission of the FHLB System is broadly defined as promoting housing finance, and the System also has specific requirements to support affordable housing. Its principal business re-

mains lending (secured by mortgages and financed by System debt issuances) to regulated depository institutions and insurance companies engaged in residential mortgage finance.

Fannie Mae and Freddie Mac's mission is to provide liquidity and stability to the secondary mortgage market and to promote affordable housing. Currently, they engage in two major lines of business.

1. **Credit Guarantee Business** – Fannie Mae and Freddie Mac guarantee the timely payment of principal and interest on mortgage-backed securities (MBS). They create MBS by pooling mortgages acquired through either purchase from or swap arrangements with mortgage originators. Over time these MBS held by the public have averaged about one-quarter of the U.S. mortgage market, and as of November 30, 2011 they totaled \$3.8 trillion.
2. **Mortgage Investment Business** – Fannie Mae and Freddie Mac manage retained mortgage portfolios composed of their own MBS, MBS issued by others, and individual mortgages. The GSEs finance the purchase of these portfolio assets through debt issued in the credit markets. As of November 30, 2011, these retained mortgages, financed largely by GSE debt, totaled \$1.4 trillion. As a term of their PSPA with Treasury, the combined investment portfolios of Fannie Mae and Freddie Mac were limited to no more than \$1.8 trillion as of December 31, 2009, and will decline by 10 percent each year. The effective limitation as of December 31, 2011 is \$1.46 trillion.

As of November 30, 2011, the combined debt and guaranteed MBS of Fannie Mae and Freddie Mac totaled \$5.3 trillion. Historically, investors in GSE debt have included thousands of banks, institutional investors such as insurance companies, pension funds, foreign governments and millions of individuals through mutual funds and 401k investments.

### **Regulatory Reform**

The 2008 Housing and Economic Recovery Act (HERA) reformed and strengthened the GSEs' safety and soundness regulator by creating the Federal Housing Finance Agency (FHFA), a new independent regulator for Fannie Mae, Freddie Mac, and the Federal Home Loan Banks. The FHFA authorities consolidate and expand upon the regulatory and supervisory roles of what were previously three distinct regulatory bodies: the Federal Housing Finance Board as the FHLB's overseer; the Office of Federal Housing Enterprise Oversight as the safety and soundness regulator of the other GSEs; and HUD as their public mission overseer. FHFA was given substantial authority and discretion to influence the size and composition of Fannie Mae and Freddie Mac investment portfolios through the establishment of housing goals, through monitoring GSE compliance with those goals, and through capital requirements.

FHFA is required to issue housing goals for each of the regulated enterprises, including the FHLBs, with respect

to single family and multi-family mortgages and has the authority to require a corrective "housing plan" if an enterprise does not meet its goals and statutory reporting requirements, and in some instances impose civil money penalties. In August of 2009, FHFA promulgated a final rule adjusting the overall 2009 housing goals downward based on a finding that current market conditions have reduced the share of loans that qualify under the goals. However, HERA mandated dramatic revisions to the housing goals, which were implemented the following year. The revised goals for 2010 and 2011, promulgated by FHFA on September 14, 2010, provide for a retrospective and market based analysis of the GSEs contributions toward the goals by expressing the goals as a share of the GSEs total portfolio purchase activity. The revised goals for Fannie Mae and Freddie Mac comprise four single-family goals and one multifamily special affordability goal.

The expanded authorities of FHFA also include the ability to place any of the regulated enterprises into conservatorship or receivership based on a finding of undercapitalization or a number of other factors.

### **Conservatorship**

On September 6, 2008, FHFA placed Fannie Mae and Freddie Mac into conservatorship. This action was taken in response to the GSEs' declining capital adequacy and to support the safety and soundness of the GSEs and their role in the secondary mortgage market. HERA provides that as conservator FHFA may take any action that is necessary to return Fannie Mae and Freddie Mac to a sound and solvent condition and to preserve and conserve the assets of each firm. As conservator, FHFA has assumed the powers of the Board and shareholders at Fannie Mae and Freddie Mac. FHFA has appointed new Directors and CEOs that are responsible for the day-to-day operations of the two firms. While in conservatorship, FHFA expects Fannie Mae and Freddie Mac to continue to fulfill their core statutory purposes, including their support for affordable housing discussed above.

### **Department of Treasury GSE Support Programs under HERA**

On September 7, 2008, the U.S. Treasury launched three new programs to provide temporary financial support to the GSEs under the temporary authority provided in HERA. These authorities expired on December 31, 2009.

#### **1. PSPA with Fannie Mae and Freddie Mac**

Treasury has entered into agreements with Fannie Mae and Freddie Mac to make investments in senior preferred stock in each GSE in order to ensure that each company maintains a positive net worth. In exchange for the substantial funding commitment, the Treasury received \$1 billion in preferred stock for each GSE and warrants to purchase up to a 79.9 percent share of common stock at a nominal price. The initial agreements were for up to \$100 billion in each of these GSEs. On February 18, 2009, Trea-

surey announced that the funding commitments for these agreements would be increased to \$200 billion each. On December 24, 2009, Treasury announced that the funding commitments in the purchase agreements would be modified to the greater of \$200 billion or \$200 billion plus cumulative net worth deficits experienced during 2010-2012, less any surplus remaining as of December 31, 2012. In total, as of December 31, 2011, \$182.7 billion has been invested in the GSEs, and the redemption face value of GSE preferred stock held by Treasury has increased accordingly. Fannie Mae and Freddie Mac must pay quarterly dividends to Treasury based on the redemption value of Treasury's senior preferred stock; \$36.3 billion in dividends have been paid as of December 31, 2011. The Budget assumes that Treasury will make cumulative investments in Fannie Mae and Freddie Mac of \$221 billion from 2009 through 2013 and receive dividends of \$73 billion over the same period. Starting in 2013, the Budget forecasts that Fannie Mae and Freddie Mac will have sufficient earnings to pay part but not all of the scheduled dividend payments. The Budget assumes additional net dividend receipts of \$121 billion from 2014-2022. The cumulative cost of the PSPA agreements from the first PSPA purchase through 2022 is estimated to be \$28 billion.

## 2. *GSE MBS Purchase Programs*

Treasury initiated a temporary program to purchase MBS issued by Fannie Mae and Freddie Mac, which carry the GSEs' standard guarantee against default. The purpose of the program was to promote liquidity in the mortgage market and, thereby, affordable homeownership by stabilizing the interest rate spreads between mortgage rates and Treasuries. Treasury purchased \$226 billion in MBS from September 2008 to December 31, 2009, when the statutory authority for this program expired. In March of 2011, Treasury announced that it would begin selling off up to \$10 billion of its MBS holdings per month, subject to market conditions. As a result of these sales and regular borrower repayments, Treasury's MBS holdings declined to \$31 billion as of December 31, 2011.

## 3. *GSE Credit Facility*

Treasury promulgated the terms of a temporary secured credit facility available to Fannie Mae, Freddie Mac, and the Federal Home Loan Banks. The facility was intended to serve as an ultimate liquidity backstop to the GSEs if necessary. No loans were needed or issued through December 31, 2009, when Treasury's HERA purchase authority expired.

## 4. *State Housing Finance Agency Programs*

In December 2009, Treasury initiated two additional purchase programs under HERA authority to support state and local Housing Financing Agencies (HFAs). Under the New Issue Bond Program (NIBP) Treasury purchased \$15.3 billion in securities of Fannie Mae and Freddie Mac to be comprised of new HFA housing issuances.

The Temporary Credit and Liquidity Program (TCLP) provides HFAs with credit and liquidity facilities supporting up to \$8.2 billion in existing HFA bonds. Treasury's statutory authority to enter new obligations for these programs expired on December 31, 2009. Historically, HFAs have funded their activities by issuing tax-exempt mortgage revenue bonds (MRBs), keeping the associated mortgage collateral produced on HFA balance sheets. The bond performance of HFAs has generally been strong. However, due to the uncertainties and strain throughout the housing sector and the widening of spreads in the tax-exempt market, HFAs have experienced challenges in issuing new bonds to fund new mortgage lending. They have also faced difficulties in renewing required liquidity facilities on non-punitive terms. In November 2011, Treasury announced a one year extension of the contractual deadline for HFAs to use existing NIBP funds to December 31, 2012.

## *Federal Reserve Agency Mortgage-Backed Securities and Direct GSE Obligation Purchase Programs*

On November 25, 2008, the Federal Reserve Board announced new programs to purchase agency MBS, including Fannie Mae, Freddie Mac, and Ginnie Mae issuances, and direct debt obligations of the GSEs (including the FHLBs). In total, the Federal Reserve purchased \$1.1 trillion in GSE MBS and \$172 billion in GSE debt. The purchase programs were wound down in March 2010 and are widely credited with pushing down mortgage interest rates. Mortgage rates have remained very low by historical standards and according to the Freddie Mac Primary Mortgage Market Survey (PMMS) reached an all-time low of 3.88 percent for the average 30-year fixed-rate the week ending January 20, 2012.

## *Recent GSE Role in Administration Initiatives to Relieve the Foreclosure Crisis*

While under conservatorship, Fannie Mae and Freddie Mac have continued to play a leading role in Government and market initiatives to prevent homeowners who can no longer afford to make their mortgage payments from losing their homes. In November, 2008 the mortgage industry's HOPE NOW Alliance announced the Streamlined Modification Program (SMP). The SMP established industry standards for voluntary mortgage modifications to assist distressed borrowers by reducing their monthly mortgage payments to no more than 38 percent of a borrower's gross monthly income. However, only a small number of modifications were initiated under the SMP program. The limited success of the SMP program was due in part to securitization agreement restrictions on mortgage servicers regarding permissible modifications, put in place to protect investors. These restrictions included requiring a finding of imminent default, or a demonstration that the net present value to the investor would be maximized, before a loan can be modified.

In March 2009, the Administration announced its Making Home Affordable (MHA) program, which includes

the Home Affordable Modification Program (HAMP), and the Home Affordable Refinance Program (HARP).

Fannie Mae and Freddie Mac are participating in the HAMP both for mortgages they own or guarantee and as the Treasury Department's contractual financial agents. Under HAMP, investors, lenders, servicers, and borrowers receive incentive payments from Treasury's TARP fund for actions taken to reduce the monthly mortgage payment for troubled borrowers to 31 percent of their gross income, fixed for 5 years, establishing a new standard for mortgage modification affordability. As of November 30, 2011, more than 1.75 million trial modifications have been initiated, resulting in nearly 910,000 permanent mortgage modifications.

Fannie Mae and Freddie Mac are also integral to HARP. Under the program, borrowers with a mortgage that is owned by Fannie Mae or Freddie Mac may be eligible to refinance their mortgage to take advantage of the current low interest rate environment regardless of their current loan-to-value (LTV) ratio. Prior to HARP, the LTV limit of 80 percent for conforming purchase mortgages without a credit enhancement such as private mortgage insurance also applied to refinancing of mortgages owned by the GSEs. Borrowers whose home values had dropped such that their LTVs had increased above 80 percent could not take advantage of the refinance opportunity. On October 24, 2011, FHFA announced that the HARP program would be extended through 2013 and enhanced by lowering the fees charged by Fannie Mae and Freddie Mac, streamlining the application process, and removing the previous LTV cap of 125 percent. (See Chapter 4 for more information).

The Administration is also working with FHFA to develop pilot programs that will convert foreclosed homes into rental properties. These real estate owned (REO) to rental property conversion programs will both increase rental housing opportunities and support home prices by reducing the supply of foreclosed homes on the market.

### ***Risks that GSEs Face***

Like other financial institutions, the GSEs face a full range of risks, including market risk, credit risk, and operational risk. The housing market downturn in the last four years has significantly increased the credit risk for mortgage delinquencies and defaults faced by Fannie Mae and Freddie Mac, which poses systemic risk. Systemic risk is the risk that liquidity or solvency problems at a financial institution or group of institutions could lead to problems more widely in the financial system or economy – the risk that a small problem could multiply to a point where it could jeopardize the country's economic well-being. Before conservatorship, the failure of Fannie Mae and Freddie Mac posed a significant systemic risk because of their size, high leverage, and the critical role of mortgage financing in the economy. However, this risk has been substantially reduced as a result of the additional risk capital provided to them through the Senior Preferred Stock Purchase Agreements with the U.S. Department of Treasury.

### ***Future of the GSEs***

In February 2011 the Administration transmitted a white paper to Congress that outlined a commitment to wind down the GSEs, facilitate the return of private capital to the housing market, and work with Congress to reform the larger housing finance system. The paper outlined three broad options for a future system of housing finance ranging from a mostly private mortgage market, with the Government role limited to FHA and other existing programs, to a system with explicit Government guarantees for the majority of the secondary mortgage market. In addition to reforming the housing finance system, the white paper stated continued support for a dedicated budget-neutral mechanism to fund affordable housing programs, similar to the Housing Trust Fund enacted in the Housing and Economic Recovery Act of 2008, which would have been funded by assessments on the GSEs but has not been capitalized due to their conservatorship. The white paper also identified mechanisms to wind down the GSEs, including reducing the conforming loan limits, shrinking the GSE investment portfolios, and increasing pricing for GSE guarantees.

While the Administration and Congress continue to evaluate long-term housing finance reform, meaningful steps have already been taken to reduce the role of the GSEs. As proposed in the 2012 Budget, the temporary GSE conforming loan limits of up to \$729,750 were allowed to expire on September 30, 2011, and the allowable investment portfolios of Fannie Mae and Freddie Mac will continue to be reduced by 10 percent each year, according to the terms of Treasury's PSPA agreements with the enterprises. Recent legislation will also increase the guarantee fees charged by Fannie Mae and Freddie Mac, thereby enhancing the price-competitiveness of non-GSE mortgages. The Temporary Payroll Tax Cut Continuation Act of 2011 signed into law on December 23, 2011, requires that the GSEs increase their fees by an average of at least 0.10 percentage points above the average guarantee fee imposed in 2011. FHFA announced on December 29, 2011, that the fee increase would be implemented no later than April 1, 2012. Revenues generated by these fee increases will be remitted directly to the Treasury for deficit reduction, and the Budget estimates resulting deficit reductions of \$37 billion from 2012 through 2022.

### **Education Credit Programs**

Historically, the Department of Education (ED) helped finance student loans through two major programs: the Federal Family Education Loan (FFEL) program and the William D. Ford Federal Direct Student Loan (Direct Loan) program. In March 2010, President Obama signed the Student Aid and Fiscal Responsibility Act (SAFRA) into law which ended the FFEL program and used the \$67 billion in savings estimated by CBO to increase Pell Grants, provide more beneficial student loan repayment terms, and create a new program supporting community colleges and job training run by the Department of Labor. On July 1, 2010, ED became the sole originator of Federal



student loans through the Direct Loan program, and despite the significant challenge of transitioning, ED made all loans on time and without disruption.

The Direct Loan program was authorized by the Student Loan Reform Act of 1993. Under the Direct Loan program, the Federal Government provides loan capital directly to over 5,500 domestic and foreign schools, which then disburse loan funds to students. Loans are available to students regardless of income. However, borrowers with low family incomes are eligible for loans with more generous terms. For those loans, the Federal Government provides a variety of subsidies including paying interest while undergraduate borrowers are in school, and during certain deferment periods.

The program offers a variety of flexible repayment plans including income-based repayment, under which annual repayment amounts vary based on the income of the borrower and payments can be made over 25 years with any residual balances forgiven. In October 2011, the Administration announced an initiative that would accelerate these benefits for current college students and borrowers. Under the plan, students pay no more than 10 percent of their discretionary income for their monthly student loan payments, starting in 2012, instead of 2014, as current law allows. Additionally, an estimated 5.8 million students and recent college graduates will be able to consolidate their loans and reduce their interest rates.

As part of the Administration's broader focus on educating a globally competitive workforce while also putting the Nation on a sustainable fiscal path, the 2013 President's Budget makes several significant proposals on Federal student loans:

- *Extend the 3.4 percent interest rate on subsidized Stafford loans for one year.* The Administration is proposing to hold the subsidized Stafford student loan interest rate flat at 3.4 percent for new loans issued to undergraduates between July 1, 2012 and June 30, 2013, rather than letting the rate return to 6.8 percent, as provided for in current law.
- *Reform and Expand the Perkins Loan Program.* This proposal, similar to the 2012 Budget proposal, would create an expanded, modernized Perkins Loan program providing \$8.5 billion in new loan volume annually. Instead of being serviced by the colleges, loans would be serviced by the Department of Education along with other Federal loans. The savings from this proposal would be re-appropriated to the Pell Grant program.
- *Eliminate the in-school interest subsidy for subsidized Stafford loans after 150 percent of normal program length.* Students who do not complete their program within 150 percent of the prescribed completion time would see interest on their loans start to accrue while they are in school. The savings from this proposal would be re-appropriated to the Pell Grant program.
- *Reducing payments to guaranty agencies in the FFEL program.* This proposal would eliminate certain payments to guaranty agencies that "rehabili-

tate" defaulted student loans, and bring the fees they earn in line with those associated with other debt collection measures. The guaranty agencies would bear the cost of this reform; affected borrowers would actually experience a modest reduction in the debt they owe under this policy. The savings from this proposal would be re-appropriated to the Pell Grant program.

- *Eliminate the TEACH program.* The 2013 Budget, similarly to the 2012 Budget, would eliminate this program and replace with a new Presidential Teaching Fellows program.

### Small Business and Farm Credit Programs and GSEs

The Government offers direct loans and loan guarantees to small businesses and farmers, who may have difficulty obtaining credit elsewhere. It also provides guarantees of debt issued by certain investment funds that invest in small businesses. Two GSEs, the Farm Credit System and the Federal Agricultural Mortgage Corporation, increase liquidity in the agricultural lending market.

#### Loans to Small Businesses

The President has said small businesses are "the engine of job growth in America," and his 2013 Budget reflects his commitment to creating a climate where innovation and entrepreneurship can thrive. The Small Business Administration (SBA) helps entrepreneurs start, sustain, and grow small businesses. As a "gap lender," SBA works to supplement market lending and provide access to credit where private lenders are reluctant to do so without a Government guarantee. SBA also helps home- and business-owners, as well as renters, cover the uninsured costs of recovery from disasters through its direct loan program. At the end of calendar year 2011, SBA's outstanding balance of direct and guaranteed loans totaled approximately \$93 billion.

The 2013 Budget requests \$352 million in credit subsidy costs and \$145 million in administrative funds for SBA to support more than \$25 billion in financing for small businesses. The 7(a) General Business Loan program will support \$16 billion in guaranteed loans that will help small businesses operate and expand. This includes an estimated \$14 billion in term loans and \$2 billion in revolving lines of credit; the latter are expected to support \$46 billion in total credit assistance through draws and repayments over the life of the guarantee. The 504 Certified Development Company (CDC) program will support \$6 billion in guaranteed loans for fixed-asset financing. SBA will supplement the capital of SBICs with up to \$4 billion in long-term, guaranteed loans to support SBIC financing assistance for venture capital investments in small businesses. In addition, the Budget supports SBA's disaster direct loan program at its 10-year average volume of \$1.1 billion in loans, and includes \$167 million to administer the program and use of \$122 million in carryover balances for loan subsidy costs.

During the past year, SBA experienced higher than expected defaults in its outstanding portfolio, largely on loans guaranteed prior to the economic downturn. For the 2013 Budget credit reestimates of the liability of the guarantees outstanding at the end of 2011, SBA recorded a \$1.8 billion net upward cost reestimate. This additional cost reflects actual and expected losses on loans issued prior to 2012. It is covered by mandatory appropriations, and increases the 2012 Budget deficit.

Due to higher than expected actual and projected defaults, the subsidy cost of the 7(a) program – largely the difference between the program's net default costs and the share of costs covered by fees – is projected to increase in 2013 from 2012. The Budget provides \$349 million in subsidy budget authority for the 7(a) and 504 programs to provide loan volumes that exceed the historical program levels but are below the maximum authorized.

The Budget also requests \$3 million in subsidy budget authority for \$18 million in direct loans, and \$20 million in technical assistance grant funds for the Microloan program. The Microloan program provides low-interest loan funds to non-profit intermediaries who in turn provide loans of up to \$50,000 to new entrepreneurs.

In 2012 and 2013, SBA will be using the SBIC debentures program to support up to \$200 million of annual lending to SBIC Impact Funds that invest in economically distressed regions or sectors that have been identified as national priorities. SBA will also leverage up to \$200 million annually from its Innovation Fund program to address the capital gap many start-ups face between early-stage "angel investor" financing and later-stage venture capital financing.

To help small businesses drive economic recovery and create jobs, the Small Business Jobs Act of 2010 created two new mandatory lending-related programs administered by the Department of the Treasury, in addition to other forms of support, such as tax cuts for entrepreneurs and small business owners.

Treasury's State Small Business Credit Initiative (SSBCI) is designed to support state programs that make new loans or investments to small businesses and small manufacturers. SSBCI offered states and territories (and in certain circumstances, municipalities) the opportunity to apply for Federal funds to finance programs that partner with private lenders to extend new credit to small businesses to create jobs. These funds allow States to build on new or existing models for small business programs, including collateral support programs, Capital Access Programs (CAPs), loan guarantee programs, loan participation programs, and state venture capital programs. SSBCI expects that all approved programs demonstrate a minimum overall leverage of \$10 in new private lending for every \$1 in Federal funding. Treasury is providing approximately \$1.5 billion for SSBCI, which is expected to spur up to \$15 billion in new lending to small businesses. As of January 1, 2012, SSBCI had approved funding for 47 states, 3 territories, and the District of Columbia for a total of nearly \$1.4 billion, and disbursed \$460 million. During 2011, Treasury provided technical assistance to states that focused on elements of good

program design and the mechanics of successfully completing the SSBCI application form, which has resulted in SSBCI making funds available to over 150 state-run programs that provide new small business financing. During 2012 and 2013, Treasury plans to spend nearly \$3.5 million on dedicated technical assistance to states as they implement these programs and deploy funds to eligible small businesses in order to maximize participation in the program. Additionally, SSBCI will host a National Conference for all states on March 8-9, 2012, at the San Francisco Federal Reserve Bank for states to share success stories on how to maximize lending support to small businesses.

The second Treasury program created by the Act is the Small Business Lending Fund (SBLF), a \$30 billion fund that encourages lending to small businesses by providing capital to qualified community banks and community development loan funds (CDLFs) with assets of less than \$10 billion. Because participating institutions leverage their capital, the SBLF will help increase lending to small businesses in an amount significantly greater than the total capital provided to participating banks. In addition to expanding the lending capacity of all participants, SBLF creates a strong incentive for banks to increase small business loans by tying the cost of SBLF funding to the growth of their portfolio of small business loans. The initial dividend rate on SBLF funding is capped at 5 percent. If a bank's small business lending increases by 10 percent or more, the rate will fall to as low as 1 percent. Banks that increase their lending by amounts less than 10 percent can benefit from rates set between 2 percent and 4 percent. For participants whose lending does not increase in the first two years, however, the rate will increase to 7 percent, and after 4.5 years, the rate on all outstanding SBLF funding will increase to 9 percent. The application period for the program closed in June 2011, with 332 institutions receiving slightly over \$4 billion in funding by the end of 2011. Participants estimate that this funding could help spur a \$9 billion increase in loans to small businesses within two years of receiving the funds. The current reestimate rate and actual program volume of \$4.03 billion result in projected budget savings of \$0.08 billion, representing a decrease in projected budget cost of \$1.34 billion. As of publication of the Budget, SBLF is working on a robust survey to help track performance of the program, establish best practices, and determine how to continually increase opportunities for small businesses' access to credit. The survey is slated to be administered, and results are expected to be disseminated, before the end of 2012.

### Loans to Farmers

The Farm Service Agency (FSA) assists low-income family farmers in starting and maintaining viable farming operations. Emphasis is placed on aiding beginning and socially disadvantaged farmers. FSA offers operating loans and ownership loans, both of which may be either direct or guaranteed loans. Operating loans provide credit to farmers and ranchers for annual production expenses and purchases of livestock, machinery, and equipment, while

farm ownership loans assist producers in acquiring and developing their farming or ranching operations. As a condition of eligibility for direct loans, borrowers must be unable to obtain private credit at reasonable rates and terms. As FSA is the “lender of last resort,” default rates on FSA direct loans are generally higher than those on private-sector loans. FSA-guaranteed farm loans are made to more creditworthy borrowers who have access to private credit markets. Because the private loan originators must retain 10 percent of the risk, they exercise care in examining the repayment ability of borrowers. The subsidy rates for the direct programs fluctuate largely because of changes in the interest component of the subsidy rate.

The number of loans provided by these programs has varied over the past several years. In 2011, FSA provided loans and loan guarantees to approximately 32,000 family farmers totaling \$4.8 billion. Direct and guaranteed loan programs provided assistance totaling \$1.8 billion to beginning farmers during 2011. Loans for socially disadvantaged farmers totaled \$565 million, of which \$274 million was in the farm ownership program and \$291 million in the farm operating program. The average size of farm ownership loans continues to increase, with new customers receiving the bulk of these loans. In contrast, the majority of assistance provided in the operating loan program is to existing FSA farm borrowers. Overall, demand for FSA loans – both direct and guaranteed – continues to be high. More conservative credit standards in the private sector are moving additional applicants from commercial credit to FSA direct programs. Also, the increase in market volatility and uncertainty is driving lenders to request guarantees in situations where they may not have in the past. In the 2013 Budget, FSA proposes to make \$4.8 billion in direct and guaranteed loans through discretionary programs.

Lending to beginning farmers was strong during 2011. FSA loaned or guaranteed loans to nearly 15,000 beginning farmers. Loans provided under the Beginning Farmer Down Payment Loan Program represented over 36 percent of total direct ownership loans made during the year, maintaining the substantial increase made in 2010 over previous years. Fifty one percent of direct operating loans were made to beginning farmers. Overall, as a percentage of funds available, lending to beginning farmers was 4 percentage points above the 2010 levels. Lending to minority and women farmers was a significant portion of overall assistance provided, with \$565 million in loans and loan guarantees provided to more than 5,000 farmers. This represents an increase of 10 percent in the overall dollar value of loans to minority borrowers. Outreach efforts by FSA field offices to promote and inform beginning and minority farmers about FSA funding have resulted in increased lending to these groups.

The 2013 Budget does not request budget authority for subsidized guaranteed farm operating loans. The Budget also only requests funding for the guaranteed conservation loans. The overall loan level for conservation loans is unchanged from the 2012 level.

FSA continues to evaluate the farm loan programs in order to improve their effectiveness. FSA is developing a

nationwide continuing education program for its loan officers to ensure they remain experts in agricultural lending, and transitioning all information technology applications for direct loan servicing into a single, web-based application that will expand on existing capabilities to include all special servicing options. Its implementation will allow FSA to better service its delinquent and financially distressed borrowers. FSA is also working to increase lending to small niche producers and minorities.

### **The Farm Credit System and Farmer Mac**

The Farm Credit System (FCS or System) is a Government-sponsored enterprise (GSE) composed of a nationwide network of borrower-owned cooperative lending institutions originally authorized by Congress in 1916. The FCS’s mission continues to be providing sound and dependable credit to American farmers, ranchers, producers or harvesters of aquatic products, their cooperatives and farm-related businesses.

The financial condition of the System’s banks and associations remains fundamentally sound. Between September 30, 2010, and September 30, 2011, the ratio of capital to assets increased from 15.0 percent to 15.8 percent. Capital consisted of \$32.6 billion of unrestricted capital and \$3.4 billion in restricted capital in the Farm Credit Insurance Fund, which is held by the Farm Credit System Insurance Corporation (FCSIC). For the first nine months of calendar year 2011, net income equaled \$2.99 billion compared with \$2.63 billion for the same period of the previous year. The increase in net income resulted primarily from a decrease in provision for loan losses and an increase in net interest income.

Over the 12-month period ending September 30, 2011, nonperforming loans as a percentage of total loans outstanding decreased from 2.22 percent to 1.94 percent, primarily because of an improvement in the credit quality of loans to borrowers in certain agricultural sectors. System assets grew a moderate 3.2 percent over the past 12 months as growth in the agribusiness portfolio offset declines in loans outstanding for livestock, forestry and ethanol. The number of FCS institutions continues to decrease because of consolidation. As of September 30, 2011, the System consisted of five banks and 84 associations, compared with seven banks and 104 associations in September 2002. Of the 89 FCS banks and associations, 76 had one of the top two examination ratings (1 or 2 on a 1 to 5 scale), 11 FCS institutions had a rating of 3, and 2 FCS institutions had a rating of 4.

Over the 12-month period ending September 30, 2011, the System’s loans outstanding grew by \$2.1 billion, or 1.3 percent, while over the past five years they grew by \$67.4 billion, or 65.2 percent. As required by law, borrowers are also stockholder-owners of System banks and associations. As of September 30, 2011, the System had 488,043 stockholders. Loans to young, beginning, and small farmers and ranchers represented 11.4 percent, 16.0 percent, and 20.4 percent, respectively, of the total dollar volume of all new farm loans made in 2010. All three categories experienced increases in new lending activity during 2010, with the volume of new loans made during the year up

10.3 percent to young farmers, 10.0 percent to small farmers, and 8.6 percent to beginning farmers. Young, beginning, and small farmers are not mutually exclusive groups and, thus, cannot be added across categories. Maintaining special policies and programs for the extension of credit to young, beginning, and small farmers and ranchers is a legislative mandate for the System.

The System, while continuing to record strong earnings and capital growth, remains exposed to a variety of risks associated with its portfolio concentration in agriculture and rural America. While there have been improvements in certain stressed sectors of the rural economy, notably forestry, livestock and ethanol, the weakness in the housing market will continue to stress the forestry sector. The run-up in grain prices that began in the summer of 2010, while benefiting crop producers, continues to negatively influence profit margins for livestock and ethanol producers. As financial markets have improved from the financial crisis, the System has maintained its capacity to issue longer-term debt at extremely low yields. The agricultural sector is also subject to future risks such as a farmland price decline, a rise in interest rates, volatile commodity prices, rising production costs, weather-related catastrophes, and long-term environmental risks related to climate change.

The FCSIC, an independent Government-controlled corporation, ensures the timely payment of principal and interest on FCS obligations on which the System banks are jointly and severally liable. On September 30, 2011, the assets in the Insurance Fund totaled \$3.4 billion. As of September 30, 2010, the Insurance Fund as a percentage of adjusted insured debt was 2.15 percent. This was above the statutory secure base amount of 2 percent. During the first nine months of calendar year 2011, growth in System debt has been negative, at -2.9 percent.

### **Federal Agricultural Mortgage Corporation (Farmer Mac)**

Farmer Mac was established in 1988 as a federally chartered instrumentality of the United States and an institution of the FCS to facilitate a secondary market for farm real estate and rural housing loans. Farmer Mac is not liable for any debt or obligation of the other System institutions, and no other System institutions are liable for any debt or obligation of Farmer Mac. The Farm Credit System Reform Act of 1996 expanded Farmer Mac's role from a guarantor of securities backed by loan pools to a direct purchaser of mortgages, enabling it to form pools to securitize. In May 2008, the Food, Conservation and Energy Act of 2008 (2008 Farm Bill) expanded Farmer Mac's program authorities by allowing it to purchase and guarantee securities backed by rural utility loans made by cooperatives.

Farmer Mac continues to meet core capital and regulatory risk-based capital requirements. As of September 30, 2011, Farmer Mac's total outstanding program volume (loans purchased and guaranteed, AgVantage bonds purchased and guaranteed, and real estate owned) amounted to \$11.8 billion, recording an increase of 3 percent from the level a year ago. Of total program activity, \$8.3 billion

were on-balance sheet loans and guaranteed securities, and \$3.5 billion were off-balance sheet obligations. Total assets were \$11.4 billion, with non-program investments (including cash and cash equivalents) accounting for \$2.7 billion of those assets. Farmer Mac's net income for the first three quarters of calendar year 2011 was \$0.5 million, a significant decrease from the same period in 2010 during which Farmer Mac reported net income of \$9.6 million. Farmer Mac's earnings are often substantially influenced by unrealized fair value gains and losses. For example, fair value changes on financial derivatives resulted in an unrealized loss of \$82.4 million for the first three quarters of 2011 compared with \$28.5 million for the same period in 2010 (both pre-tax). Although unrealized fair value changes experienced on financial derivatives temporarily impact earnings and capital, those changes are not expected to have any permanent effect if the financial derivatives are held to maturity, as is expected.

### **Energy and Infrastructure Credit Programs**

This Administration is committed to constructing a new foundation for economic growth and job creation, and clean energy is a critical component of that. The general public, as well as individual consumers and owners, benefits from clean energy and well-developed infrastructure. Thus, the Federal Government promotes clean energy and infrastructure development through various credit programs.

#### **Credit Programs to Promote Clean and Efficient Energy**

The Department of Energy (DOE) administers two credit programs that serve to reduce emissions and enhance energy efficiency: a loan guarantee program to support innovative energy technologies and a direct loan program to support advanced automotive technologies.

The DOE's Title 17 loan guarantee program is authorized to issue loan guarantees for projects that employ innovative technologies to reduce air pollutants or man-made greenhouse gases. The program was first provided \$4 billion in loan volume authority in 2007. The 2009 Consolidated Appropriations Act provided an additional \$47 billion in loan volume authority, allocated as follows: \$18.5 billion for nuclear power facilities, \$2 billion for "front-end" nuclear enrichment activities, \$6 billion for new or retrofitted coal-based power facilities equipped with carbon capture and sequestration (CCS) technologies, \$2 billion for advanced coal gasification, and \$18.5 billion for energy efficiency, renewable energy, and transmission and distribution projects. 2011 appropriations effectively reduced the available loan volume authority for energy efficiency, renewable energy, and transmission and distribution projects by \$17 billion and provided \$170 million in credit subsidy to support renewable energy or energy efficient end-use energy technologies. In 2012, Congress provided no new loan authority or credit subsidy for DOE's Title 17 program. The President's 2013 Budget requests no new authority as the program will focus on deploying the remaining resources appropriated in prior years.

The American Reinvestment and Recovery Act of 2009 amended the program's authorizing statute to allow loan guarantees on a temporary basis for commercial or advanced renewable energy systems, electric power transmission systems, and leading edge biofuel projects. The Recovery Act initially provided \$6 billion in new budget authority for credit subsidy costs incurred for eligible loan guarantees. After funds were transferred to support the Department of Transportation's "Cash for Clunkers" program in 2009 and \$1.5 billion was rescinded to offset the Education Jobs and Medicaid Assistance Act in 2010, the program had \$2.5 billion available for credit subsidy. Early solicitations for the guarantee program attracted many projects requesting 100 percent guarantees of DOE-supported loans. Consistent with Federal credit policies, loans with 100 percent guarantees in this program are made through the Federal Financing Bank, and therefore do not involve private sector lenders. The program's "Financial Institutions Partnership Program" solicitation, however, invited private sector lenders to participate whereby DOE would provide guarantees for up to 80 percent of loan amounts financed by private sector financial institutions. This structure utilizes private sector expertise, expedites the lending/underwriting process, and leverages the program's funds by sharing project risks with the private sector, while increasing private sector experience with financing energy technologies. The program also added a new solicitation in 2010 specifically targeting projects in the United States that manufacture renewable energy systems or related components. While the authority for the temporary program to extend new loans expired September 30, 2011, DOE has provided loan guarantees to 28 projects totaling over \$16 billion in guaranteed debt including: 12 solar generation, 4 solar manufacturing, 4 wind generation, 3 geothermal, 2 biofuels, and 3 transmission/energy storage projects.

The DOE's direct loan program, the Advanced Technology Vehicle Manufacturing (ATVM) Direct Loan program, was created to support the development of advanced technology vehicles and associated components in the United States that would improve vehicle energy efficiency by at least 25 percent relative to a 2005 Corporate Average Fuel Economy standards baseline. In 2009, Congress appropriated \$7.5 billion in credit subsidy costs to support a maximum of \$25 billion in loans under ATVM. The program provides loans to automobile and automobile part manufacturers for the cost of re-equipping, expanding, or establishing manufacturing facilities in the United States, and for other costs associated with engineering integration.

### **Electric and Telecommunications Loans**

Rural Utilities Service (RUS) programs of the United States Department of Agriculture (USDA) provide loans for rural electrification, telecommunications, distance learning, telemedicine, and broadband, and also provide grants for distance learning and telemedicine (DLT).

The Budget includes \$6.1 billion in direct loans for electricity distribution, construction of renewable energy facilities, transmission, and carbon capture projects on fa-

cilities to replace fossil fuels. The Budget also provides \$690 million in direct telecommunications loans, \$94 million in broadband loans, \$13 million in broadband grants, and \$25 million in DLT grants.

### **USDA Rural Infrastructure and Business Development Programs**

USDA provides grants, loans, and loan guarantees to communities for constructing facilities such as healthcare clinics, police stations, and water systems. Direct loans are available at lower interest rates for the poorest communities. These programs have very low default rates. The cost associated with them is due primarily to subsidized interest rates that are below the prevailing Treasury rates.

The program level for the Water and Wastewater treatment facility loan and grant program in the 2013 President's Budget is \$1.4 billion. These funds are available to communities of 10,000 or fewer residents. The Community Facility Program is targeted to rural communities with fewer than 20,000 residents. For 2013, it will have a program level of \$2 billion in direct loans and \$25 million in grants.

USDA also provides grants, direct loans, and loan guarantees to assist rural businesses, cooperatives, nonprofits, and farmers in creating new community infrastructure (i.e. educational networks or healthcare coops) and to diversify the rural economy and employment opportunities. In 2013, USDA proposes to provide \$821 million in loan guarantees and direct loans to entities that serve communities of 50,000 or less through the Business and Industry guaranteed loan program and communities of 25,000 or less through the Intermediary Relending program. These loans are structured to save or create jobs and stabilize fluctuating rural economies.

The Rural Business Service is responsible for five rural renewable energy and small business programs. The Budget includes \$23 million in funding to support over \$57 million in loans and grants for the following programs: the Rural Microentrepreneur Assistance Program, the Value-Added Agricultural Market Development Grant Program, and the Rural Energy for America Program. These programs are targeted to promote energy efficiencies, renewable energy, and small business development in rural communities.

### **Transportation Infrastructure**

Federal credit programs, offered through the Department of Transportation (DOT), fund critical transportation infrastructure projects, often using innovative financing methods. The two predominant programs are the program authorized by the Transportation Infrastructure Finance and Innovation Act (TIFIA), and the Railroad Rehabilitation and Improvement Financing (RRIF) program.

Established by the Transportation Equity Act of the 21st century (TEA-21) in 1998, the TIFIA program is designed to fill market gaps and leverage substantial private co-investment by providing supplemental and subordinate capital to projects of national or regional significance. Through TIFIA, DOT provides Federal credit

assistance to highway, transit, rail, and intermodal projects. The 25 projects that have received TIFIA credit assistance represent approximately \$33 billion of infrastructure investment in the United States. Government commitments in these partnerships constitute nearly \$8.7 billion in Federal assistance with a budgetary cost of approximately \$611 million.

TIFIA can help advance qualified, large-scale projects that otherwise might be delayed or deferred because of size, complexity, or uncertainty over the timing of revenues at a relatively low budgetary cost. Each dollar of subsidy provided for TIFIA can provide approximately \$10 in credit assistance, and leverage up to \$30 in transportation infrastructure investment. In recent years the demand for the TIFIA program has exceeded available resources. In 2013, the President's Budget requests additional budget resources for the TIFIA program to meet growing demand. At the requested level, TIFIA could provide approximately \$5 billion in credit support for up to \$15 billion in new infrastructure projects. This funding will accelerate critical transportation improvements and attract private investment by lowering financing costs and mitigating market imperfections.

DOT has provided direct loans and loan guarantees to railroads since 1976 for facilities maintenance, rehabilitation, acquisitions, and refinancing. Federal assistance was created to provide financial assistance to the financially-challenged portions of the rail industry. However, following railroad deregulation in 1980, the industry's financial condition began to improve, larger railroads were able to access private credit markets, and interest in Federal credit support began to decrease.

Also established by TEA-21 in 1998, the RRIF program provides loans with an interest rate equal to the Treasury rate for similar-term securities. TEA-21 also provided that non-Federal sources pay the subsidy cost of the loan, thereby allowing the program to operate without Federal subsidy appropriations. The RRIF program assists projects that improve rail safety, enhance the environment, promote economic development, or enhance the capacity of the national rail network. While refinancing existing debt is an eligible use of RRIF proceeds, capital investment projects that would not occur without a RRIF loan are prioritized.

The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) increased the amount of total RRIF assistance available from \$3.5 billion to \$35 billion, and the Rail Safety Improvement Act (RSIA) extended the maximum loan term from 25 to 35 years. Since enactment of TEA-21, nearly \$800 million in direct loans have been made under the RRIF program. Due to the recent disruptions in the credit markets caused by the financial crisis, the RRIF program has seen renewed interest from the railroad industry – both traditional short-line railroads and commuter rail operators – as a means of project financing.

## International Credit Programs

Seven Federal agencies -- the Department of Agriculture (USDA), the Department of Defense, the Department of State, the Department of the Treasury, the Agency for International Development (USAID), the Export-Import Bank, and the Overseas Private Investment Corporation (OPIC) -- provide direct loans, loan guarantees, and insurance to a variety of foreign private and sovereign borrowers. These programs are intended to level the playing field for U.S. exporters, deliver robust support for U.S. manufactured goods, stabilize international financial markets, and promote sustainable development.

### Leveling the Playing Field

Federal export credit programs counter subsidies that foreign governments, largely in Europe and Japan, provide their exporters, usually through export credit agencies (ECAs). The U.S. Government has worked since the 1970's to constrain official credit support through a multilateral agreement in the Organization for Economic Cooperation and Development (OECD). This agreement has significantly constrained direct interest rate subsidies and tied-aid grants. Further negotiations resulted in a multilateral agreement that standardized the fees for sovereign lending across all ECAs beginning in April 1999. Fees for non-sovereign lending, however, continue to vary widely across ECAs and markets, thereby providing implicit subsidies.

The Export-Import Bank attempts to "level the playing field" strategically and to fill gaps in the availability of private export credit. The Export-Import Bank provides export credits, in the form of direct loans or loan guarantees, to U.S. exporters who meet basic eligibility criteria and who request the Bank's assistance. USDA's Export Credit Guarantee Programs (also known as GSM programs) similarly help to level the playing field. Like programs of other agricultural exporting nations, GSM programs guarantee payment from countries and entities that want to import U.S. agricultural products but cannot easily obtain credit.

### Stabilizing International Financial Markets

Consistent with U.S. obligations in the International Monetary Fund regarding global financial stability, the Exchange Stabilization Fund managed by the Department of the Treasury may provide loans or credits to a foreign entity or government of a foreign country. A loan or credit may not be made for more than six months in any 12-month period unless the President gives the Congress a written statement that unique or emergency circumstances require that the loan or credit be for more than six months.

### Using Credit to Promote Sustainable Development

Credit is an important tool in U.S. bilateral assistance to promote sustainable development. USAID's Development Credit Authority (DCA) allows USAID to use a variety of credit tools to support its development activities abroad. DCA provides non-sovereign loan guarantees in targeted

cases where credit serves more effectively than traditional grant mechanisms to achieve sustainable development. DCA is intended to mobilize host country private capital to finance sustainable development in line with USAID's strategic objectives. Through the use of partial loan guarantees and risk sharing with the private sector, DCA stimulates private-sector lending for financially viable development projects, thereby leveraging host-country capital and strengthening sub-national capital markets in the developing world.

OPIC also supports a mix of development, employment, and export goals by promoting U.S. direct investment in developing countries. OPIC pursues these goals through political risk insurance, direct loans, and guarantee products, which provide finance, as well as associated skills and technology transfers. These programs are intended to create more efficient financial markets, eventually encouraging the private sector to supplant OPIC finance in developing countries. OPIC has also created a number of investment funds that provide equity to local companies with strong development potential.

### Ongoing Coordination

International credit programs are coordinated through two groups to ensure consistency in policy design and cred-

it implementation. The Trade Promotion Coordinating Committee (TPCC) works within the Administration to develop a National Export Strategy to make the delivery of trade promotion support more effective and convenient for U.S. exporters.

The Interagency Country Risk Assessment System (ICRAS) standardizes the way in which most agencies that lack sufficient historical experience budget for the cost associated with the risk of international lending. The cost of lending by these agencies is governed by proprietary U.S. Government ratings, which correspond to a set of default estimates over a given maturity. The methodology establishes assumptions about default risks in international lending using averages of international sovereign bond market data. The strength of this method is its link to the market and an annual update that adjusts the default estimates to reflect the most recent risks observed in the market.

### Promoting Economic Growth and Poverty Reduction through Debt Sustainability

The Enhanced Heavily Indebted Poor Countries (HIPC) Initiative reduces the debt of some of the poorest countries with unsustainable debt burdens that are committed to economic reform and poverty reduction.

## III. INSURANCE PROGRAMS

### Deposit Insurance

Federal deposit insurance promotes stability in the U.S. financial system. Prior to the establishment of Federal deposit insurance, depository institution failures often caused depositors to lose confidence in the banking system and rush to withdraw deposits. Such sudden withdrawals caused serious disruption to the economy. In 1933, in the midst of the Great Depression, a system of Federal deposit insurance was established to protect depositors and to prevent bank failures from causing widespread disruption in financial markets.

Today, the Federal Deposit Insurance Corporation (FDIC) insures deposits in banks and savings associations (thrifts) using the resources available in its Deposit Insurance Fund (DIF). The National Credit Union Administration (NCUA) insures deposits (shares) in most credit unions (certain credit unions are privately insured) using the resources available in the National Credit Union Share Insurance Fund (SIF). As of September 30, 2011, the FDIC insured \$6.8 trillion of deposits at 7,436 commercial banks and thrifts, and the NCUA insured \$786 billion of shares at 7,179 credit unions.

Since its creation, the deposit insurance system has undergone a series of reforms. The Dodd-Frank Wall Street Reform and Consumer Protection (Wall Street Reform) Act, enacted July 21, 2010, allows the FDIC to more effectively and efficiently manage the DIF. The Act authorized the FDIC to set the minimum DIF reserve ratio (ratio of the deposit insurance fund to total insured deposits) to 1.35 percent by 2020, up from 1.15 percent. In addition

to raising the minimum reserve ratio, the Wall Street Reform Act also:

- Eliminated the FDIC's requirement to rebate premiums when the reserve ratio is between 1.35 and 1.5 percent;
- Gave the FDIC discretion to suspend or limit rebates when the DIF reserve ratio is at least 1.5 percent, effectively removing the 1.5 percent cap on the DIF; and
- Required the FDIC to offset the effect on small insured depository institutions (defined as banks with assets less than \$10 billion) when setting assessments to raise the reserve ratio from 1.15 to 1.35 percent.

In order to implement the Wall Street Reform Act, the FDIC has issued a final rule setting a long-term (greater than 10 years) reserve ratio target of 2 percent, with the goal of maintaining a positive fund balance during economic crises and maintaining a moderate, steady long-term assessment rate that provides transparency and predictability to the banking sector. This rule, coupled with other provisions of the Wall Street Reform Act, will significantly improve the FDIC's capacity to resolve bank failures and maintain market stability during economic downturns.

The Wall Street Reform Act also permanently increased the insured deposit level to \$250,000 per account at banks or credit unions insured by the FDIC or NCUA.

## Recent Performance of the Federal Deposit Insurance Funds

For the quarter ending June 30, 2011, the fund balance of DIF stood at \$3.9 billion on an accrual basis, representing the first quarter since June 2009 that the fund had a positive balance. The DIF fund balance nearly doubled to \$7.8 billion as of September 30, 2011, which is equivalent to a reserve ratio of 0.12 percent, or \$83.7 billion below the level that would meet the minimum target reserve ratio. The growth in the DIF fund balance is a result of fewer bank failures and higher assessment schedules. In each of the three calendar quarters of 2011, assessments earned have exceeded the provision for loan losses.

As of September 30, 2011, the number of insured institutions on the FDIC's "problem list" (institutions with the highest risk ratings) decreased to 844 institutions. Although this number represents only a 2 percent decrease from that in September 2010, the assets held by problem institutions decreased by 11 percent.

The SIF ended September 2011 with assets of \$12 billion and an equity ratio of 1.31 percent, which is slightly above the NCUA normal operating ratio of 1.30, set by the NCUA Board. If the equity ratio increases above the normal operating level, a distribution is normally paid to member credit unions. The Budget estimates a \$130 million distribution to the Temporary Corporate Credit Union Stabilization Fund (TCCUSF) in 2012, which was created under the authority of the Helping Families Save Their Homes Act of 2009 (P.L. 111-22). Under this Act, distributions are paid to the TCCUSF when this fund has an outstanding loan from the U.S. Treasury, which at September 30, 2011 totaled \$3.5 billion.

The losses in the credit union industry appear to be on a decline. The ratio of insured shares in "problem institutions" to total insured shares has decreased to 3.9 percent in September 2011 from a high of 5.7 percent in December 2009. As of September 2011, the SIF has set aside \$1.0 billion in reserves to cover potential losses, less than the \$1.2 billion set-aside as of September 2010. There has also been a decline in GAAP-based losses, from \$912 million for FY 2010 to nearly zero for FY 2011.

The NCUA also administers the Central Liquidity Facility (CLF), which serves as a back-up lender for credit unions when market sources of liquidity are unavailable. By statute, the CLF is authorized to borrow up to 12 times its subscribed capital stock and surplus. As of 2011, this would allow the CLF to borrow up to approximately \$50 billion. Throughout the economic crisis, liquidity advances into the corporate credit union system totaled \$19.5 billion, all of which was repaid by December 2010. The CLF did not borrow in 2011, due in part to the creation of the TCCUSF in 2009. The TCCUSF has access to \$6 billion in borrowing authority, which is reduced proportionally by any borrowings potentially made by the SIF. This borrowing authority serves as a resource available to the NCUA to support the corporate credit union system. In 2011, TCCUSF has net borrowings of \$3.5 billion to support the Corporate System Resolution Program

(CSRP), which was created in September 2010. The CSRP is a multi-stage plan for stabilizing the corporate credit union system, providing short-term and long-term funding to resolve a portfolio of residential mortgage-backed securities, commercial mortgage-backed securities, other asset-backed securities and corporate bonds (collectively referred to as the Legacy Assets) held by the failed corporate credit unions, and establishing a new regulatory framework for corporate credit unions. Under the CSRP, NCUA created a re-securitization program to provide long-term funding for the Legacy Assets through the issuance of NCUA Guaranteed Notes (NGNs), which has re-securitized nearly \$30 billion in legacy assets to date. The NGNs require the long-term monitoring, managing, and reporting on very complex transactions for at least the next 10 years. Accordingly, NCUA is working on a long-term, stream-lined solution to oversee the daily requirements and activities in connection with the NGN Program.

## Restoration Plans

Pursuant to the Wall Street Reform Act, the restoration period for the DIF reserve ratio to reach 1.35 percent was extended to 2020 (prior to the Act, the DIF reserve ratio was required to reach the minimum target of 1.15 percent by the end of 2016). The Budget projects that the DIF reserve ratio will slip back into negative territory in the near term, driven in part by updated modeling estimates of future bank failures and a constant assessment schedule, which slows down the DIF reserve growth rate. However, the DIF's reserve ratio is expected to rebound and become positive in 2015, reaching the statutorily required 1.35 percent level by 2020. In late 2009, the FDIC Board of Directors adopted a final rule requiring insured institutions to prepay quarterly risk-based assessments for the fourth quarter of 2009 and for all of 2010, 2011, and 2012. The FDIC collected approximately \$45 billion in prepaid assessments. Unlike a special assessment, the prepaid assessments will not immediately affect bank earnings; it is booked as an asset and amortized each quarter by that quarter's assessment charge. This prepaid assessment, coupled with annual assessments on the banking industry, will provide the FDIC with ample operating cash flow to effectively and efficiently resolve bank failures during the short period the Budget projects the DIF balance to be negative. Although the FDIC has authority to borrow up to \$100 billion from Treasury to maintain sufficient DIF balances, the Budget does not anticipate FDIC utilizing their borrowing authority because the DIF is projected to maintain positive operating cash flow over the entire 10-year Budget horizon.

For FY 2010 and FY 2011, the NCUA Board approved assessments of \$727 million and \$930 million respectively on federally insured credit unions in order to maintain the target equity ratio of 1.30 percent. With the equity ratio slightly above the target, the Budget does not anticipate assessments on federally insured credit unions in FY 2012 and FY 2013. The Budget reflects NCUA targeting an equity ratio of 1.3 percent over the next ten years.



## Budget Outlook

The Budget estimates DIF net outlays of -\$199.0 billion (i.e. net inflows into the fund) over the 10-year Budget window. The projected inflows are larger than the 2012 Mid-Session Review (MSR) projection by \$59 billion, as increases in projected premium collections outweigh increases in projected resolution costs. The latest public data on the banking industry led to an upward revision to bank failure estimates, which are consistent with long-term, historical averages in terms of failed bank assets as a percentage of GDP. With the bank failure projection increased, the Budget projects much higher FDIC premiums, which are necessary for the FDIC to reach the minimum Wall Street Reform Act DIF reserve ratio of 1.35 percent. The higher premiums will disproportionately affect the largest banking institutions, as nearly 70 percent of the assessment base is concentrated in the banks with over \$50 billion in assets.

## Pension Guarantees

The Pension Benefit Guaranty Corporation (PBGC) insures the pension benefits of workers and retirees in covered defined-benefit pension plans. PBGC pays benefits, up to a guaranteed level, when a company's plan closes without enough assets to pay future benefits. PBGC's claims exposure is the amount by which qualified benefits exceed assets in insured plans. In the near term, the risk of loss stems from financially distressed firms with underfunded plans. In the longer term, loss exposure results from the possibility that healthy firms become distressed

and well-funded plans become underfunded due to inadequate contributions, poor investment results, or increased liabilities.

PBGC monitors companies with underfunded plans and acts to protect the interests of the pension insurance program's stakeholders where possible. Under its Early Warning Program, PBGC works with companies to strengthen plan funding or otherwise protect the insurance program from avoidable losses. However, PBGC's authority to prevent undue risks to the insurance program is limited. Most private insurers can diversify or reinsure their catastrophic risks as well as flexibly price these risks. Unlike private insurers, PBGC cannot deny insurance coverage or adjust premiums according to risk. PBGC's premiums are set in statute.

Claims against PBGC's insurance programs are highly variable. A single large pension plan termination may result in a larger claim against the Corporation than the termination of many smaller plans. Future results will continue to depend largely on the infrequent and unpredictable termination of a limited number of very large plans.

As a result of a flawed pension funding system and exposure to losses from financially troubled plan sponsors, PBGC's single-employer program incurred substantial losses from underfunded plan terminations in years between 2001 and 2006. The table below shows the ten largest plan termination losses in PBGC's history. Nine of the ten have come since 2001.

As of September 30, 2011, the single-employer and multi-employer programs reported deficits of \$23.3 billion and \$2.8 billion, respectively. Notwithstanding

**Table 23-1. TOP 10 FIRMS PRESENTING CLAIMS (1975-2011)**

Single-Employer Program

| Firm                         | Fiscal Year(s)<br>of Plan<br>Termination(s) | Claims (by firm) | Percent of<br>Total Claims<br>(1975-2011) |
|------------------------------|---------------------------------------------|------------------|-------------------------------------------|
| 1 United Airlines .....      | 2005                                        | \$7,347,077,849  | 16.09%                                    |
| 2 Delphi .....               | 2009                                        | 6,387,323,184    | 13.99%                                    |
| 3 Bethlehem Steel .....      | 2003                                        | 3,702,771,655    | 8.11%                                     |
| 4 US Airways .....           | 2003, 2005                                  | 2,751,534,173    | 6.02%                                     |
| 5 LTV Steel * .....          | 2002, 2003, 2004                            | 2,134,985,884    | 4.67%                                     |
| 6 Delta Air Lines .....      | 2006                                        | 1,720,156,504    | 3.77%                                     |
| 7 National Steel .....       | 2003                                        | 1,275,628,286    | 2.79%                                     |
| 8 Pan American Air .....     | 1991, 1992                                  | 841,082,434      | 1.84%                                     |
| 9 Trans World Airlines ..... | 2001                                        | 668,377,106      | 1.46%                                     |
| 10 Weirton Steel .....       | 2004                                        | 640,480,970      | 1.40%                                     |
| Top 10 total .....           |                                             | \$27,469,418,046 | 60.15%                                    |
| All other total .....        |                                             | 18,202,055,547   | 39.85%                                    |
| Total .....                  |                                             | \$45,671,473,593 | 100.00%                                   |

Sources: PBGC Fiscal Year Closing File (9/30/11), PBGC Case Management System, and PBGC Participant System (PRISM).

Due to rounding of individual items, numbers and percentages may not add up to totals.

Data in this table have been calculated on a firm basis and, except as noted, include all trustee plans of each firm.

Values and distributions are subject to change as PBGC completes its reviews and establishes termination dates.

\* Does not include 1986 termination of a Republic Steel plan sponsored by LTV.

these deficits, the Corporation has \$81 billion in assets and will be able to meet its obligations for a number of years. However, neither program has the resources to fully satisfy PBGC's obligations in the long run. PBGC estimates its long-term loss exposure to reasonably possible terminations (e.g., underfunded plans sponsored by companies with credit ratings below investment grade) at approximately \$250 billion. For FY 2011, exposure was concentrated in the following sectors: manufacturing (primarily automobile/auto parts and primary and fabricated metals), transportation (primarily airlines), services, and wholesale and retail trade.

The 2013 Budget proposes to give the PBGC Board the authority to adjust premiums to better account for the risk the agency is insuring. This proposal would raise much-needed revenue for PBGC while providing incentives for firms to improve plan funding so they can keep their pension promises.

The proposal consists of two parts: 1) a gradual increase in the single-employer flat-rate premium that will raise approximately \$4 billion by 2022 and 2) PBGC Board discretion to increase the single-employer variable-rate premium to raise \$12 billion by 2022. Under the proposal, the flat-rate premium would increase from its current level of \$35 per participant to \$40 per participant in 2014. Each year, the premium would increase incrementally until it reached \$71 in 2022. The premium would be indexed to average wages in each year thereafter.

Beginning in fiscal year 2014, the Board would be given discretion to increase variable-rate premiums, which are based on plan underfunding. Currently, premiums are set at \$9 per \$1,000 of underfunding. Under the proposal, two-thirds of the Board would have to certify that changes to the variable premium schedule would be enough to generate at least \$12 billion through 2022. If the Board were unable to certify the premium schedule, it would be required to make adjustments to ensure the minimum revenue of \$12 billion. The Board would be prohibited from raising premiums to generate more than \$13 billion. In determining variable-rate premiums, the Board would consider a number of factors, including a plan's risk of losses to PBGC, the amount of a plan's possible claims, and other factors the Board's directors determine appropriate. In addition, the Board would be required to consult with stakeholders prior to setting a new premium schedule and would also establish a hardship waiver and other limitations on plan-specific premium increases. PBGC would be required to publish a notice of its determination in the Federal Register, including the basis for the determination and the amount of the expected increase in income.

This proposal would save \$16 billion over the next decade.

## Disaster Insurance

### Flood Insurance

The Federal Government provides flood insurance through the National Flood Insurance Program (NFIP),

which is administered by the Federal Emergency Management Agency of the Department of Homeland Security (DHS). Flood insurance is available to homeowners and businesses in communities that have adopted and enforce appropriate flood plain management measures. Coverage is limited to buildings and their contents. By the end of 2010, the program had over 5.6 million policies in more than 20,200 communities with over \$1 trillion of insurance in force.

Prior to the creation of the program in 1968, many factors made it cost prohibitive for private insurance companies alone to make affordable flood insurance available. In response, the NFIP was established to make affordable insurance coverage widely available. The NFIP requires building standards and other mitigation efforts to reduce losses, and operates a flood hazard mapping program to quantify geographic variation in the risk of flooding. These efforts have made substantial progress. However, structures built prior to flood mapping and NFIP flood-plain management requirements, which make up 20.5 percent of the total policies in force, pay less than fully actuarial rates.

A major DHS goal is to have property owners be compensated for flood losses through flood insurance, rather than through taxpayer-funded disaster assistance. The agency's marketing strategy aims to increase the number of Americans insured against flood losses and improve retention of policies among existing customers. The strategy includes:

1. Providing financial incentives, to the private insurers that sell and service flood policies for the Federal Government, to expand the flood insurance business.
2. Conducting the national marketing and advertising campaign, FloodSmart, which uses TV, radio, print and online advertising, direct mailings, and public relations activities to help overcome denial and resistance and increase demand.
3. Fostering lender compliance with flood insurance requirements through training, guidance materials, regular communication with lending regulators and the lending community.
4. Conducting NFIP training for insurance agents via instructor-led seminars, online training modules, and other vehicles.
5. Seek opportunities to simplify and clarify NFIP processes and products to make it easier for agents to sell and consumers to buy.

While these strategies have resulted in steady policy growth over recent years, the growth slowed what since 2009 due to the severe downturn in the economy. In 2011, the program lost 20,000 policies.

DHS also has a multi-pronged strategy for reducing future flood damage. The NFIP offers flood mitigation as-

sistance grants to assist flood victims to rebuild to current building codes, including base flood elevations, thereby reducing future flood damage costs. In addition, two grant programs targeted toward repetitive and severe repetitive loss properties not only help owners of high-risk property, but also reduce the disproportionate drain on the National Flood Insurance Fund these properties cause, through acquisition, relocation, or elevation. DHS is working to ensure that all of the flood mitigation grant programs are closely integrated, resulting in better coordination and communication with State and local governments. Further, through the Community Rating System, DHS adjusts premium rates to encourage community and State mitigation activities beyond those required by the NFIP. These efforts, in addition to the minimum NFIP requirements for floodplain management, save over \$1 billion annually in avoided flood damages.

Due to the catastrophic nature of flooding, with Hurricane Katrina as a notable example, insured flood damages far exceeded premium revenue in some years and depleted the program's reserve account, which is a cash fund. On those occasions, the NFIP has to borrow funds from the Treasury in order to meet flood insurance claim obligations. While the program needed appropriations in the early 1980s to repay the funds borrowed during the 1970's, it was able to repay all borrowed funds with interest using only premium dollars between 1986 and 2004. In 2005, however, Hurricanes Katrina, Rita, and Wilma generated more flood insurance claims than the cumulative number of claims from 1968 to 2004. Events of 2005 resulted in over 213,000 paid claims with total claims payments expected to be nearly \$18 billion. As a result, the Administration and the Congress have increased the borrowing authority to \$20.8 billion to date in order to make certain that all claims could be paid. The debt is currently \$17.75 billion.

The catastrophic nature of the 2005 hurricane season has also triggered an examination of the program, and the Administration is working with the Congress to improve the program. FEMA engaged in a multi-stage process designed to involve stakeholders and consider a range of policy options to reform the NFIP. FEMA believes this important process will ensure that the program efficiently and effectively meets the needs of the public. FEMA established guiding principles for the reform to provide the foundation for any proposed policy solution. These principles are: protect lives, property, and environmental and cultural assets; motivate people to voluntarily participate in reducing society's risk; make the best use of public resources; ensure selection of an adoptable and sustainable policy; consider notions of equity with regard to risk and socioeconomic status; and recognize and consider the governance and responsibility of states, communities and tribes as a means to achieve sustainability and resiliency.

### Crop Insurance

Subsidized Federal crop insurance administered by USDA's Risk Management Agency (RMA) assists farmers in managing yield and revenue shortfalls due to bad weather or other natural disasters. The program is a co-

operative effort between the Federal Government and the private insurance industry. Private insurance companies sell and service crop insurance policies. These companies rely on reinsurance provided by the Federal Government and also by the commercial reinsurance market to manage their individual risk portfolio. The Federal Government reimburses private companies for a portion of the administrative expenses associated with providing crop insurance and reinsures the private companies for excess insurance losses on all policies. The Federal Government also subsidizes premiums for farmers.

Standard Reinsurance Agreement (SRA) negotiations were formally completed on July 12, 2010, with the signing of the 2011 SRA by all insurance providers that had been approved for the 2010 reinsurance year. The resulting SRA produced a net \$4 billion in deficit reductions, and was fully implemented over the most recent crop year.

The 2013 Budget continues to block spending for a good performance refund (GPR) program, which is projected to save \$75 million per year. The GPR would have provided a refund of a portion of the farmer paid premium to producers who had a favorable loss experience. Producer premiums are already highly subsidized by taxpayers, and the Administration does not believe that providing an additional premium refund is warranted.

The 2013 Budget also maintains support for policies recommended to the Joint Committee for Deficit Reduction, which included four crop insurance proposals:

1. Lower the cap for the crop insurance companies' return on investment to 12 percent,
2. Lower the cap on the companies' administrative expense reimbursement to \$0.9 billion, adjusted annually for inflation,
3. More accurately price the premium for catastrophic coverage, and
4. Lower subsidy for producer premiums by 2 percentage points for policies where the Government subsidizes more than 50 percent of the premium.

The most basic type of crop insurance is catastrophic coverage (CAT), which compensates the farmer for losses in excess of 50 percent of the individual's average yield at 55 percent of the expected market price. The CAT premium is entirely subsidized, and farmers pay only an administrative fee. Higher levels of coverage, called "buy-up", are also available. A premium is charged for buy-up coverage. The premium is determined by the level of coverage selected and varies from crop to crop and county to county. For 2011, the 10 principal crops, (barley, corn, cotton, grain sorghum, peanuts, potatoes, rice, soybeans, tobacco, and wheat) accounted for over 87 percent of total liability, and 78 percent of total U.S. planted acres of the 10 crops were covered by crop insurance. RMA offers both yield and revenue-based insurance products. Revenue insurance programs protect against loss of revenue stem-

ming from low prices, poor yields, or a combination of the two. These programs extend traditional multi-peril or yield crop insurance by adding price variability to production history.

RMA is continuously working to develop new products and to expand or improve existing products in order to cover more agricultural commodities. In 2011, RMA received 4 section 522(b) Concept Proposal submissions, which are in various stages of review. The Federal Crop Insurance Act and Federal Crop Insurance Corporation (FCIC) corresponding procedures allow for an advance payment of up to 50 percent of expected reasonable research and development costs for FCIC Board approved Concept Proposals prior to the complete submission of the policy or plan of insurance under section 508(h) of the Act. Nine privately developed proposals were submitted to the Board under section 508(h) as of December 2011.

Pasture, Rangeland, and Forage Pilot Programs are based on vegetation greenness and rainfall indices to meet the needs of livestock producers who purchase insurance protection for losses of forage produced for grazing or harvested for hay. In 2011, there were 13,420 vegetation and rainfall policies sold, covering over 34 million acres of pasture, rangeland and forage. There was over \$520 million in liability, and to date nearly \$152 million in indemnities paid to livestock producers who purchased coverage.

For more information and additional crop insurance program details, please reference RMA's web site: ([www.rma.usda.gov](http://www.rma.usda.gov)).

### Insurance against Security-Related Risks

#### Terrorism Risk Insurance

The Terrorism Risk Insurance Program (TRIP) was authorized under P.L. 107-297 to help stabilize the insurance industry following the terrorist attacks of September 11, 2001. Initially, TRIP was a three-year Federal program that provided a system of shared public and private compensation for insured commercial property and casualty losses arising from certified acts of foreign terrorism. In 2005, Congress passed a two-year extension (P.L. 109-144), which narrowed the Government's role by increasing the private sector's share of losses, reducing lines of insurance covered by the program, and adding a threshold event amount triggering Federal payments.

In 2007, Congress extended TRIP for an additional seven years (P.L. 110-318) and expanded the program to include losses from domestic as well as foreign acts of terrorism. For all seven extension years, however, it maintains a private insurer deductible of 20 percent of the prior year's direct earned premiums, an insurer co-payment of 15 percent of insured losses above the deductible, and a \$100 million event trigger amount for Federal payments. The 2007 extension also requires Treasury to recoup 133 percent of the Federal payments made under the program, and accelerates deadlines for recoupment of any Federal payments made before September 30, 2017.

The Budget baseline includes the estimated Federal cost of providing terrorism risk insurance, reflecting the

2007 extension of the TRIP through 2014. Using market driven data, the Budget projects annual outlays and recoupment for TRIP. While the Budget does not forecast any specific events, the estimates for this account represent the weighted average of TRIP payments over a full range of possible scenarios, most of which include no notional terrorist attacks (and therefore no TRIP payments), and some of which include notional terrorist attacks of varying magnitudes. On this basis, the Budget projects net spending of \$584 million over the 2013-2017 period and \$780 million over the 2013-2022 period.

#### Airline War Risk Insurance

After the September 11, 2001 attacks, private insurers cancelled third-party liability war risk coverage for airlines and dramatically increased the cost of other war risk insurance. In addition to a number of short term responses, the Congress passed the Homeland Security Act of 2002 (P.L. 107-296). Among other provisions, this Act required the Secretary of Transportation to provide additional war risk insurance coverage for hull losses and passenger liability to air carriers insured for third-party war risk liability as of June 19, 2002. Congress has continually extended this requirement, most recently in Surface and Air Transportation Programs Extension Act of 2011 (P.L. 112-30). Acting on behalf of the Secretary, the FAA has made available insurance coverage for (i) hull losses at agreed value; (ii) death, injury, or property loss liability to passengers or crew, the limit being the same as that of the air carrier's commercial coverage as of November 25, 2002; and (iii) third party liability, the limit generally being twice that of the air carrier's commercial coverage as of November 25, 2002. The Secretary is also authorized to limit an air carrier's third party liability to \$100 million, when the Secretary certifies that the loss is from an act of terrorism.

This program provides airlines with financial protection from war risk occurrences, and thus allows airlines to meet the basic requirement for adequate hull loss and liability coverage found in most aircraft mortgage covenants, leases, and government regulation. Without such coverage, many airlines might be grounded. Currently, aviation war risk insurance coverage is generally available from private insurers, but premiums are significantly higher in the private market. Also, private insurance coverage is very limited for occurrences involving weapons of mass destruction and nuclear, chemical and biological perils.

Currently, 55 air carriers are insured by the Department of Transportation. Coverage for individual carriers ranges from \$100 million to \$4 billion per carrier, with the median insurance coverage at approximately \$1.5 billion per occurrence. Premiums collected by the Government for these policies are deposited into the Aviation Insurance Revolving Fund. In 2011, the Fund collected approximately \$196 million in premiums for insurance provided by DOT. At the end of 2011, the balance in the Aviation Insurance Revolving Fund available for payment of future claims was \$1.7 billion. The balance in the Fund would be inadequate to meet either the coverage limits of the largest policies in force (\$4 billion) or to

meet a series of large claims in succession. The Federal Government would pay any claims by the airlines that exceed the balance in the Aviation Insurance Revolving Fund. Therefore, the Administration's goal is to incentivize the commercial marketplace to underwrite most, al-

though not all, aviation war risks. Now that commercial underwriters are expressing a stronger interest in writing small policies with limited exposure to war risks, the Budget proposes to establish a \$150 million deductible for hull and liability exposure in all FAA War Risk policies.

#### IV. TOPICS FOR IN-DEPTH ANALYSES

##### Fair Value Budgeting for Credit Programs

The Federal Credit Reform Act of 1990, as amended (FCRA), improved budgeting for Federal credit programs by requiring agencies to budget for the estimated cost to the Government on a net present value basis. The main goals of FCRA are to more accurately measure the costs of credit programs, to improve the allocation of Federal resources, and to make credit program cost estimates comparable to those in other programs, such as grants. Some have raised concerns that FCRA cost estimates are not a comprehensive estimate of the cost to taxpayers, and propose adoption of "fair value" cost estimates as an alternative measure. A fair value cost estimate would be based on the price investors would be willing to pay in a voluntary and orderly transaction in a liquid market.

Any change to credit program cost estimates should be consistent with the goals articulated by FCRA. Fair value is a complex concept; it merits further analysis to determine whether changes to budgetary treatment to align the costs of credit programs with fair value would be consistent with these goals. This section explores both theoretical and practical issues surrounding fair value. The challenges in both dimensions are significant.

To choose the right uses of Federal resources, policymakers need accurate measures of the social benefit and social cost of each potential use. The Federal budget estimates the dollar amount of Federal resources needed to carry out each program. In most cases, including but not limited to Federal credit programs, however, the full social costs differ from the budgetary cost.

Budget estimates reflecting social costs could facilitate resource allocation decisions. In some cases, the price that is observed or would prevail in a well-functioning market may be closer to the social cost than what is currently recorded in the budget as the cost to the Government. This price, which is commonly called fair value, reflects the preference and willingness of market participants to pay for the commodity or the asset of interest. For commodities and assets that do not trade in the market, fair value can be estimated with varying degrees of accuracy.

It is debatable whether aligning budgetary costs with social costs would improve resource allocation, even if it could be done successfully. Resource allocation should be based on cost-benefit analyses, weighing the social benefit of each program against its social cost. Tying budget estimates to social costs goes a step further. When budgetary estimates focus on the accuracy and transparency of costs to the Government, policy decisions can still be guided by more comprehensive analyses incorporating social costs and benefits.

Under the FCRA, the cost of direct loans and loan guarantees is the net present value of estimated cash flows to and from the Government, excluding administrative costs. For direct loans, the cost equals loan disbursements minus the present value of anticipated repayments net of default, recoveries, and fees. For loan guarantees, the cost equals the present value of any guarantee claims minus the present value of fees paid to the Government and estimated recoveries. Estimated cash flows adjusted for expected losses are discounted by Treasury rates of comparable maturity.

The current FCRA method for estimating cost provides a different measure of cost than the fair value method, which takes different risks and costs into account. To calculate fair value, cash flows unadjusted for expected losses would be discounted with a market interest rate that reflects the characteristics of the cash flows of the loan or loan guarantee (comparable market rate), instead of Treasury rates. The comparable market rate would differ from the maturity-matched Treasury rate in most cases and vary across credit programs, and even across individual loans and guarantees in some cases.

Fair value is conceptually appealing in that it reflects closely the preferences of market participants. It is debatable, however, whether fair value estimates for credit programs also represent the preferences of taxpayers and the society as a whole. In addition to this conceptual issue, several practical and implementation issues would need to be carefully considered in evaluating fair value proposals. Key issues include: how to develop accurate estimation methods; comparability of cost estimates across programs; and whether agencies would be able to implement fair value, particularly given limited administrative resources. A fair value proposal that does not address these conceptual and practical issues would probably fail to improve resource allocation and could even be counterproductive.

##### Treasury Rates versus Market Interest Rates

A key determinant of the estimated cost of credit programs is the discount rate of future cash flows. The market interest rate on a private loan depends on various factors, most of which are not reflected in the Treasury rate. Those factors are:

- Time preference (present versus future, included in FCRA cost estimate)
- Expected loss from default (included in FCRA cost estimate)
- Compensation for uncertain returns - uncertainty premium

- Compensation for lower liquidity - liquidity premium
- Cost of administering the loan
- Tax rate on the interest income
- Contract terms determining lenders' and borrowers' rights.

This decomposition of market rates helps to identify the factors that make fair value estimates different from current FCRA estimates, and determine whether those factors are as relevant to taxpayers as they are to investors. When the Government lends money, the taxpayer has a stake in the loan repayment that is similar, but not identical to the stake an investor has in its loan portfolio. When the borrower of a privately-held loan defaults, investors suffer a financial loss that will impact how much they can consume or leave to their heirs. When the borrower of a Government loan defaults, the Government suffers a financial loss that may eventually require it to cut Government programs or raise taxes, either way impacting the value taxpayers get for their money. While investors and taxpayers face a similar situation in that regard, there are also some differences in their situation that make some of the elements of fair value less relevant to taxpayers than they are to investors.

Time preference, reflecting the higher value that people give to money received now than to money received in the future, is incorporated in both Treasury rates and market rates. The difference between the Treasury rate and the comparable market rate (yield spread) reflects all other factors. The FCRA, however, fully accounts for the expected loss from default by deducting the expected amounts of default from future cash flows, in lieu of discounting with a higher rate. The factors other than the time preference and the expected loss from default are not currently part of the FCRA budgetary cost but would be part of a fair value estimate. The following describes each of those elements and discusses their relevance to taxpayers.

### ***Uncertainty Premium***

The uncertainty premium is an extra expected return that investors demand as compensation for uncertain returns. (See the box below, "Uncertainty Premiums: Diversifying across Assets and Distributing among a Large Number of Investors," for detailed discussions of key issues and numerical examples.) For a debt instrument, two main sources of uncertainty are default risk and interest rate risk. Long-term debt is subject to interest rate risk because its value changes with the prevailing interest rate. Both the comparable market rate and the Treasury rate reflect the uncertainty premium arising from interest rate risk. The uncertainty premium arising from default risk, on the other hand, is reflected in the comparable market rate but not in the Treasury rate because Treasury securities are considered to be free of default risk.

Federal credit programs face default risk which results in uncertain returns to taxpayers. If uncertainty is undesirable to private investors, it may also be undesirable

to taxpayers. Then shouldn't the Government, on behalf of taxpayers, demand the uncertainty premium arising from default risk? Notwithstanding the parallels between taxpayers and investors, there are two main reasons why the uncertainty premium might be less relevant or irrelevant to taxpayers: the Government has a superior ability to diversify risk across assets because it engages in various activities; and the Government can distribute risk among a large number of taxpayers to the extent that per-taxpayer uncertainty becomes negligible. There are also counter-arguments: in advanced financial markets, private investors may have effective tools, such as mutual funds and insurance, to diversify risk to the same extent as the Government does; and the portion of risk tied to economy-wide outcomes cannot be reduced much by distributing among a large number of taxpayers. The relevance of these arguments depends on the characteristics of Government programs, especially the type of uncertainty that they face. As discussed in the box, the portion of the uncertainty premium relevant to taxpayers is complex to determine and may vary across programs.

### ***Liquidity Premium***

To hold an illiquid asset, investors have to sacrifice the flexibility to sell it quickly or accept a below-market price in doing so. Thus, they demand a higher interest rate, a "liquidity premium," if an asset is less liquid. The yield spread reflects a liquidity premium because most private assets are less liquid than Treasury securities, which trade in the most liquid market. This component is irrelevant to taxpayers. Even though a Federal loan itself may be illiquid, the illiquidity of the loan does not restrict other activities of the Government which can easily borrow in the Treasury securities market at a minimal transaction cost. The Government and hence taxpayers benefit from the high liquidity of the Treasury securities market without incurring an extra cost.

### ***Tax Differential***

Interest income from Treasury securities is exempt from State income tax. This tax advantage results in a higher spread between Treasuries and private interest rates; investors in private loans will demand a higher before-tax return to compensate for the impact that State taxes have on their after-tax return. The Treasuries' tax advantage lowers the cost to the Government of financing direct loans. But that same tax advantage results in lost tax revenue at the State level, which may ultimately have to be made up by taxpayers. Thus, unlike the liquidity premium, this may not be a costless benefit.

### ***Prepayment Risk***

Among many contract terms affecting the interest rate, the borrower's option to prepay the loan may be the most important feature present in both private and Federal loan contracts. If borrowers are allowed to prepay without a penalty, lenders need to be compensated with a higher interest rate. Borrowers want to refinance when the market interest rate is low to benefit from the lower payments. Thus, the prepayment rate is likely to be higher

when the market interest rate is lower and vice versa. Investors will receive more funds than expected when they have only low-return alternatives in which to invest those funds.

This component is relevant to taxpayers, but probably to a lesser extent than to investors. If prepayment is negatively related with the market interest rate, an above-average prepayment rate decreases the Government's funding need when the borrowing cost is lower, while a below-average prepayment rate increases it when the borrowing cost is higher. Thus, prepayment risk (variability of prepayment, as opposed to the expected amount which is already considered in FCRA cash flow estimates) can similarly affect taxpayers and investors. Some characteristics of Federal loans, however, make prepayment risk less relevant. Some Federal credit programs impose a prepayment penalty. In addition, most Federal loans are more attractive than private loans, regardless of the official subsidy rate. Thus, at a given interest rate, many borrowers who would prepay a private loan might not prepay a Federal loan, except in situations where the Government itself offers a lower cost alternative.

### ***Administrative Costs***

Lending involves various administrative costs, related to loan processing, servicing, and debt collection, that are necessary to preserve the value of the loan portfolio. Since the Government cannot avoid these costs, this component is relevant to taxpayers. Currently the budget includes the administrative costs of running credit programs on a cash basis separately from the credit subsidy, consistent with all other Federal administrative costs.

### **Estimating the Fair Rate of Return for Taxpayers**

As shown in the previous section, some of the factors determining fair value are less relevant to taxpayers than they are to investors. Thus, in most cases, a fair rate of return for taxpayers – one that compensates taxpayers for the relevant costs associated with credit programs – would equal neither the Treasury nor the market rate of return. The fair rate of return would equal the Treasury rate plus the portion of the yield spread that is relevant to taxpayers. Since the yield spread consists of several components with differing relevance to taxpayers, it is necessary to estimate the contribution of each component to separate out the relevant portion of the yield spread. Of these components, the uncertainty premium is the most challenging to estimate properly. There are some established methods to calculate the uncertainty premium and other components, but all of them have weaknesses.

### ***Capital Asset Pricing Model***

The Capital Asset Pricing Model (CAPM) offers the most standard method to calculate the uncertainty premium directly. In the CAPM, the required return on an asset is the risk-free rate of return plus an uncertainty premium which increases with the co-movement between the return on the asset and the economy-wide return, representing a composite return on all assets available for investment. The uncertainty premium is calculated based

on the risk-free rate of return, the economy-wide return, the variance of the economy-wide return, and the covariance between the return on the asset and the economy-wide return.

The CAPM has a strong theoretical appeal, but its application involves several challenges and judgment calls. Experts disagree on the most appropriate measure for economy-wide return (for example, stock market return, GDP growth, or consumption growth). The estimation of key variables also requires rich historical data, which may not be available, especially given that one of the goals of Federal credit is to encourage lending in areas or on terms that private markets have avoided.

### ***Other Components***

Measuring other components of the yield spread also involves some complexities. Under the FCRA, the expected loss from default is already estimated. The estimation, which often is based on historical data, is subject to large errors. The actual performance of a loan can significantly deviate from the historical performance if the tail risk (chance that an extremely large loss occurs due to a catastrophic event, such as a large decrease in house price) is significant. The liquidity premium can be estimated based on some market variables, such as the bid-ask spread (the difference between what the dealer charges to buyers and what the dealer pays to sellers) and the trading volume. However, the estimation is complex, and the result can differ across models. The effect of the State tax exemption on the yield spread is relatively straightforward to estimate. Still, there are some complications arising from differing income tax rates across States and differing marginal tax rates across investors. Financial market experts developed many models estimating prepayment risk, but few are free of criticism. It is difficult to estimate the distribution of future interest rates and the relation between the interest rate and the prepayment rate. By refining accounting practice, Federal agencies should be able to estimate the administrative costs of credit programs. However, it may not be straightforward because the expenses necessary for efficient operations of credit programs may be mingled with other expenses in many cases.

### ***Inference from Pricing of Related Products***

For assets that actively trade in a well-developed market, such as home mortgages, there are many related products whose prices reflect different combinations of factors discussed above. For example, the interest rate on the original mortgage reflects all factors; the yield on mortgage-backed securities (MBS) guaranteed by Fannie Mae or Freddie Mac reflects prepayment risk and the tax differential; and the price of private mortgage insurance reflects the expected loss from default and the uncertainty premium. In these cases, it is possible to infer the contributions of individual factors by netting out common factors. For example, the difference between the mortgage interest rate and the MBS yield is composed of all factors other than prepayment risk and the tax differential. This method, however, may not be applicable to most Federal

credit programs which have few or no related products. Even for a mortgage guarantee program, it may be a challenge to find sufficient combinations of factors.

### ***Option Pricing Model***

Many Federal credit programs can be likened to options. The option pricing model (OPM), for example, can be useful to estimate the market value of a loan guarantee which is analytically equivalent to a put option (right to sell an asset at a pre-specified price); a lender with a loan guarantee receives the face value of the loan (equivalent to selling the loan to the guarantor at the face value) if the loan defaults. The option value is calculated based on the current price, estimated future volatility of the underlying asset (the guaranteed loan in this case), and a few additional parameters. The future volatility is usually estimated based on the past volatility or inferred from the price of existing widely-traded options. The applicability of the OPM to Federal credit programs is limited to situations where market pricing data are readily available, and where the key assumptions of options pricing models, such as the normality of return distribution, hold.

### ***Availability of Market Information and Historical Data***

Given the complexities discussed above, estimating the fair rate of return to taxpayers is difficult, and the degree of difficulty depends on the availability of market information and historical data. For a credit program with a private-market counterpart that trades actively in a well-functioning market, the fair rate of return to taxpayers can be derived from the comparable market rate and the prices of related products. If a credit program has rich historical data spanning several business cycles, it is possible to estimate the uncertainty premium using the CAPM. Historical data also facilitate the estimation of other relevant variables, such as prepayment risk which is typically estimated based on the historical relationship between the interest rate and the prepayment rate.

For most Federal credit programs, the availability and the usefulness of market information are very limited. The Government typically intervenes to improve efficiency in inefficient markets, where either comparable products do not exist or their prices are distorted. For example, information problems discussed in the first section of this chapter prevent markets for student loans and small business loans from functioning smoothly. In those cases, market interest rates may reflect some other complex factors that cannot be captured easily, making the decomposition much more difficult. Even in well-developed markets, the presence of Federal programs can distort market prices. For example, mortgage rates may be lower than they would be without Fannie Mae and Freddie Mac. Market information, including interest rates, can be also misleading during periods of financial instability. The availability of historical data varies widely across programs. For newer programs, particularly those with large loans and varied terms, such as transportation and energy infrastructure programs, sufficient historical data may not be available even in ten years. For some credit programs,

therefore, estimating the fair rate of return for taxpayers would be extremely difficult.

Any attempt to try to estimate uncertainty premiums and other components of fair value based on limited data is likely to require controversial assumptions that may hold only in some special cases. For example, one could assume that Government loans might have the same uncertainty premium as private loans with equal expected default rates. However this assumption would not be consistent with financial theories such as the CAPM and could lead to serious errors, for reasons that are explored in the box.

### **Consistency across Programs**

It is also unclear whether fair value budgeting only for credit programs would make the budget costs of credit programs more comparable to the budget costs of other programs, apart from estimation issues. The uncertainty premium may also be relevant to some other Federal programs, of which outlays are tied to economic condition, such as unemployment insurance. The administrative cost is not included in the budget costs of most Federal programs, and the tax rate differential benefits virtually all Federal programs. In addition, for programs involving externalities, their social costs can differ significantly from the market prices. For example, the market price that the Government pays for a truck does not include the social cost of pollution, and the budget cost of building a highway does not include the social cost of environmental damages. The allocation of Federal resources might fail to improve if fair value budgeting makes the budget costs of credit programs more comparable to some programs, but less comparable to others.

### **Practical Implementation Issues**

Beyond the conceptual issues of fair value, there are practical implementation issues that would need to be addressed. Premature or piecemeal implementation of fair value could prove extremely costly, with little long-term benefit in terms of more accurate cost information and efficient resource allocation. Depending on the nature of a fair value proposal, it could require a significant investment in OMB, Treasury, and Federal credit agency resources to implement, or it could divert limited administrative resources from management and oversight of affected programs.

Methods for estimating fair value would need to be explored and developed, along with guidance to ensure consistent and appropriate application across programs. The budgetary treatment for various components would have to be considered. For example, if credit program cost estimates included premiums to compensate for uncertainty or liquidity, it raises questions of how the budget should reflect the anticipated income from such premiums. While fair value estimates would capture some costs not currently reflected under the FCRA, as noted above, not all of the components of fair value may be relevant to Government. Some components are already reflected in FCRA estimates or elsewhere in the budget, so pricing these components accurately would be necessary to avoid



double counting or understating costs, and the degree of accuracy in estimating component prices can vary widely. Often there are not comparable market instruments for Federal credit programs, and market prices can be volatile for reasons that may not relate to the underlying asset. As these component prices will vary greatly by program and to some extent by individual project, there may be limited ability to compare assumptions against actual experience to improve or inform future cost estimates. Such volatility could lend to deficit swings that may not be accurate, or relevant to the Government. Guidance would also need to be developed to account for actual costs over time to ensure transparency and accuracy in the costs of outstanding loans and guarantees, and to use experience to inform cost estimates for both new assistance, and the effects of policy changes on program costs.

Implementation of fair value for some credit programs and not others could distort resource allocation decisions across programs. For example, if fair value were used only for programs where market information was more readily available, such as mortgage guarantees, policy makers would not have a comparable basis for comparing investment in these areas to other forms of credit assistance. Further, for programs that may invest in similar areas, such as energy infrastructure, reasonable analysis may yield very different views of the fair value based on the timing of the market data used, or differences in methods where market data may not be available. Absent consistency across programs, fair value could lead to distorted cost estimates, and create incentives to overinvest or underinvest in various programs.

In implementing current FCRA requirements, some Federal credit programs have faced significant administrative challenges in building staff with the right technical skill sets, and developing critical management infrastructure, including financial accounting systems, monitoring, and modeling capabilities. Fair value complexities would place much greater demands on agencies in all of these areas. For some of these programs, greater investment in FCRA estimates might do more to improve cost measurement than investment in fair value estimates.

The Troubled Asset Relief Program (TARP) implemented a form of fair value cost estimate per the direction in the Economic Emergency Stabilization Act of 2008. The Act provided Treasury permanent indefinite budget authority, in contrast to the funding for administrative expenses of most other credit programs, which are annually appropriated and constrained by the discretionary caps. Implementation has been extremely resource intensive, requiring large investments in private sector financial advisors, datasets, and systems. Agencies with limited administrative resources may not be able to support necessary investments for accurate fair value estimates, or doing so could draw resources away from mitigating risks and costs that otherwise may be within the agency's ability to control, such as defaults or recoveries, or effective delivery of services to beneficiaries. Ultimately, the lifetime cost to Government under TARP is expected to be far lower than originally estimated, as premiums for market risk are returned to Treasury through downward reestimates over time, raising the question of the benefit of the original fair value estimates.

### Summary

Fair value budgeting for Federal credit programs has the potential to capture elements of cost that are not included in FCRA cost estimates. A decision on whether to shift to fair value budgeting, however, should be preceded by careful consideration of many complex issues. At the conceptual level, more analyses are needed to clarify the extents to which factors relevant to private investors are also relevant to taxpayers. At the implementation level, choosing the best way to estimate the fair value cost for taxpayers would require extensive testing of various methods in relation to Federal credit programs. The cost of implementing fair value budgeting should also be a serious consideration, as the implementation would require a high level of financial expertise and extensive data work. The effectiveness of fair value budgeting for credit programs in improving resource allocation should be compared with other alternatives, including fair value budgeting for all programs for consistency across credit and non-credit programs and strengthened cost-benefit

### **Uncertainty Premiums: Diversifying across Assets and Distributing among a Large Number of Investors**

Most people dislike uncertainty, preferring a certain return to an uncertain return. For this reason, investors must usually be paid an uncertainty premium to hold a riskier asset. The premium is measured by the extra return required to compensate for the uncertainty. See numerical examples below.

Investors can reduce uncertainty through diversification across assets. Holding a mix of assets will generally yield a less volatile return than investing in only a few alternatives. In a mixed portfolio, when the realized return is low on some alternatives, it is likely to be high on others, and the total return will reflect a combination of both high and low individual returns. Investors will not demand an extra return for the portion of uncertainty that they can diversify away in this fashion. For example, consider a "pro-cyclical" stock which pays more in the boom than in the recession. Imagine pairing that stock with a "countercyclical" stock which pays more in the recession than in the boom. If investors could freely mix countercyclical stocks and pro-cyclical stocks without restrictions, they could eliminate uncertainty.

In practice, investors can diversify only to a limited extent. There may not exist enough countercyclical assets with returns that balance those of the pro-cyclical alternatives to allow all investors to create a zero-risk portfolio. In the U.S. stock market,

for example, the pro-cyclical stocks tend to far outweigh the countercyclical stocks. Provided that diversification cannot eliminate the risk associated with pro-cyclical stocks, investors will continue to demand an uncertainty premium on those stocks.

It is important to note that the uncertainty premium on an individual asset can be negative because some uncertainties are desirable. Countercyclical stocks, for example, have high returns during recessions and lower returns during booms. This is an uncertain profile of returns, but it can be used to balance the more common pro-cyclical returns on other stocks. Holding the countercyclical stock in a mixed portfolio has value in excess of its expected return because it reduces overall uncertainty.

Uncertainty can also become insignificant when it is distributed among a large number of investors. The well-being of an individual is little affected by uncertainty when the amount subject to uncertainty is only a small fraction of wealth. Many of those who buy insurance to protect themselves from major financial losses are willing to gamble for small stakes. This pattern of behavior is consistent with a disproportionately smaller uncertainty premium for smaller uncertainty. Thus, when moderate uncertainty is distributed among a large number of investors, the uncertainty premium can be zero, provided that the uncertainty is unrelated to economy-wide uncertainty, such as the boom and the recession.

If uncertainty is closely related to economy-wide uncertainty, however, distribution among a large number of investors is ineffective; it does not eliminate the portion of uncertainty that is related to the market risk. Even very small uncertainty matters when it is added to existing uncertainty.

In sum, although investors dislike uncertainty, they demand compensation only for the portion of uncertainty that cannot be avoided. Thus, the uncertainty premium for an asset does not necessarily increase with the variability of its return, and it can even be negative. Even for an asset with a highly variable return, the uncertainty premium is low or negative if its return is weakly or negatively correlated with the economy-wide return. The uncertainty premium is also low for an asset of which uncertainty can be effectively distributed among a large number of investors.

### Numerical Examples

In this simple example, the economy will be either in a boom or in a recession next year with a 50-50 chance. Each investor has \$100, and each asset costs \$100.

**Uncertainty Premium.** Suppose that a safe asset (SAFE) returns \$105 both in the boom and the recession, and a risky asset (RISKY) returns \$130 in the boom and \$90 in the recession. Then the expected return on SAFE is  $\$105[(\$105 \times 0.5) + (\$105 \times 0.5)]$ , and the expected return on RISKY is  $\$110 [(\$130 \times 0.5) + (\$90 \times 0.5)]$ . In this example, the risk-free rate of return is 5 percent, which is the expected rate of return on SAFE, and the uncertainty premium on RISKY is 5 percent, which is the difference between the expected rate of return on RISKY and the risk-free rate of return.

**Complete Diversification.** Suppose that there are two investors and two assets named RISKY1 and RISKY2. RISKY1 returns \$120 in the boom and \$90 in the recession, while RISKY2 returns \$90 in the boom and \$120 in the recession. If each investor invests \$50 in RISKY1 and \$50 in RISKY2, the return will be \$105 both in the boom and in the recession. With this complete diversification, there is no uncertainty and hence no uncertainty premium.

**Incomplete Diversification.** Suppose that there are three investors, two RISKYs, and another asset named RISKY3. RISKY3 returns \$90 in the boom and \$114 in the recession. A risk-free portfolio yielding \$105 both in the boom and the recession can be formed with a \$37.5 investment in RISKY and a \$62.5 investment in RISKY3. The expected return is \$102 for RISKY3, \$107.3 for the market portfolio consisting of two thirds of RISKY and one third of RISKY3, and \$110 for RISKY. In this example, the risk-free rate of return is 5 percent, the risk premium is -3 percent for RISKY3, 2.3 percent for the market portfolio, and 5 percent for RISKY. Given that the risk-free portfolio is a combination of RISKY and RISKY3, the risk premium on RISKY3 must be negative when the risk premium on RISKY is positive. In the real world, the interaction between demand and supply of assets ensures this outcome.

**Distribution among a Large Number of Investors.** Suppose that there are 100 investors, 100 SAFEs, and another asset named RISKY4, which yields \$120 if new technology succeeds and \$90 if it fails, with a 50-50 chance. RISKY4 is very risky if chosen by a single investor. If every investor invests \$99 in SAFE and \$1 in RISKY, the return is \$105.15 if the technology succeeds and \$104.85 if it fails. Provided that investors do not mind having a small fraction of their wealth exposed to uncertainty, this return profile is as good as \$105 with certainty. Distribution among a large number of investors is an effective way of eliminating uncertainty if the uncertainty is unrelated to economy-wide uncertainty (boom or recession).

**Uncertainty Related to Economy-wide Uncertainty.** Suppose that there are 100 investors, unlimited SAFEs, unlimited RISKYs, and one RISKY4 and that new technology succeeds in the boom and fails in the recession. This uncertainty for RISKY4, which is the same as economy-wide uncertainty, cannot be distributed away. Looking at market prices is a straightforward way to illustrate this point. It can be shown that an investor can replicate the return profile of RISKY4 by investing \$21.43 in SAFE and \$75.00 in RISKY (\$96.43 in total). Thus, investing \$100 in RISKY4 is equivalent to overpaying \$3.57 for the same good. The overpayment is a real loss. Even if the loss is distributed among 100 investors, it still adds back to the same amount.

analyses at the program level apart from budgeting. The Administration has already been working to evaluate Federal programs more thoroughly and pursuing a range of initiatives that would lead to more effective and efficient uses of Federal resources (see chapters 7, 8, and 9 of this volume).

### Public-Private Partnership

Credit and insurance are largely provided by private entities, and managing credit and insurance businesses requires substantial expertise. Thus, the Government can significantly improve the efficiency of credit and insurance programs through partnership with the private sector.

To successfully implement public-private partnership, the Government should combine the strengths of the public sector and the private sector, and design the incentive structure carefully. The management of credit and insurance programs involves many functions: marketing, financing, pricing/screening, monitoring, servicing, absorbing losses, and recovering losses. When proper incentives are presented, the private sector can carry out some of these functions more efficiently.

**Marketing.** To improve the effectiveness of a program, the Government should inform and encourage the target population to use the program. The marketing effort is particularly important for the programs that can reduce the need for taxpayer-financed assistance later (e.g., flood insurance). The Government can benefit from the private sector's marketing network. The potential gain from public-private partnership may depend on the clarity of eligibility. If eligibility is ambiguous, private partners, whose profits are usually tied to business volume, may go much beyond the target population, resulting in inefficiency.

**Financing.** Lenders need funds to make loans, and they finance loan capital in various ways, such as borrowing, raising equity, and securitizing loans (pooling loans and selling shares of the pool to investors). The Government has a clear advantage in financing because the Treasury market is the most liquid and stable market. Thus, transferring the financing function alone to private partners, without other functions that private partners perform better, would result in higher financing costs but no offsetting benefits. Securitizing Government loans, for example, is undesirable unless private investors bear and manage the risk of those loans more efficiently.

**Pricing and Screening.** A main challenge for credit and insurance providers is to find the price (lending terms and insurance premiums) corresponding to the risk specific to each customer or to identify better-risk customers given a preset price. The private sector has an advantage in pricing and screening because accurate pricing and screening usually take profit motives and relevant expertise. To benefit from the superior pricing and screening ability of the private sector, however, the Government must provide appropriate incentives to private-sector partners. For loan guarantees, for example, the guarantee percentage should not be too high. Also the pricing and screening expertise of private-sector partners is ir-

relevant for programs in which the price is preset and eligibility is based only on social characteristics rather than risk characteristics.

**Monitoring.** After loans and insurance policies are issued, lenders and insurers need to prevent borrowers and policyholders from engaging in high-risk activities ("moral hazard"). Monitoring may be more effective when lenders and insurers have profit motives and relevant expertise. Monitoring also takes enforcement mechanisms. While the private sector uses contractual devices, such as cancellation (e.g., calling loans and cancelling insurance policies) and re-pricing, the Federal Government relies on regulation. For example, the FDIC regulates banks and thrifts to protect the deposit insurance fund. Transferring the monitoring function to private-sector partners can be beneficial, but the potential benefit may be limited only to those cases where regulation is not necessarily more effective or desirable than private contractual devices.

**Servicing.** Efficient processing of loan repayments and insurance premiums improves customer satisfaction and reduces losses. With advanced computing technology, expertise may have become less important for these activities. Nevertheless, experienced private entities may service loans and insurance policies at lower costs. Moreover, processing insurance claims (e.g., assessing damages) may still require substantial expertise.

**Absorbing Losses.** Loan losses and insurance claims sometimes turn out to be significantly greater than expected. Although lenders and insurers maintain capital to absorb losses, their capacity to absorb losses is limited. The Federal Government with general taxing authority has an advantage in absorbing extremely large and highly uncertain losses, such as those resulting from massive bank failures and natural disasters.

**Recovering Losses.** Private lenders are highly motivated to recover a large portion of defaulted loans, in order to increase the overall return on loans. They may also have more expertise in debt collection than Government agencies. The Government, however, has some special collection tools, such as withholding tax refunds. In cases where the Government does not use special tools, the private sector may have an advantage in recovering loan losses.

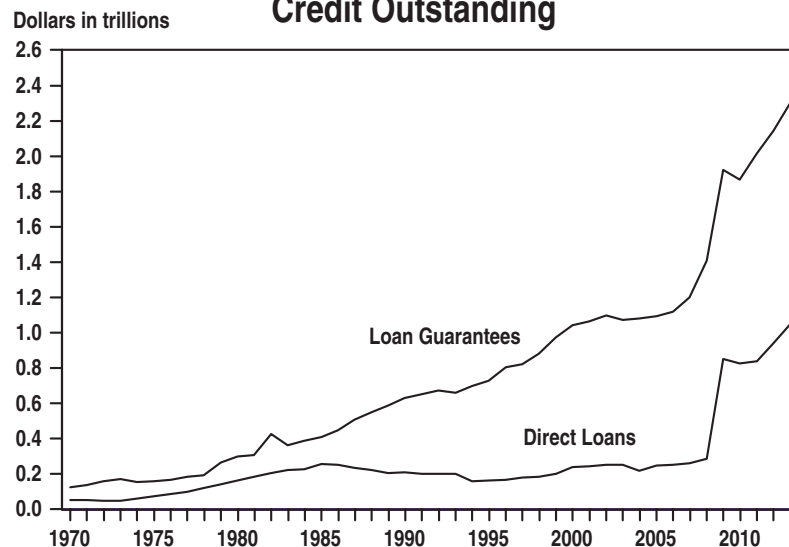
There are many ways to utilize the private sector's strengths. When lending decisions are delegated to private-sector partners, a partial loan guarantee forcing them to bear some risk is one way to take advantage of the screening ability of private-sector lenders. Providing reinsurance for catastrophic losses can combine the Government's strength in absorbing losses with the private sector's strengths in marketing, pricing, and servicing. The Government may improve the cost efficiency of a direct loan program by outsourcing the servicing to a private entity through competitive bidding. The Government can also increase its recovery rate by auctioning off defaulted loans to private investors.

Realizing the potential gains from public-private partnership requires thorough understanding of the characteristics of each program and the incentives of private-sector partners. An ill-designed partnership would unnecessar-

ily raise the cost of the program by combining weaknesses and allowing profit margins for private partners. An example is the Federal Family Education Loan program, which was eliminated in 2010. Under the loan-guarantee program, participating banks lent to all eligible students. Due to this nature of the program, there were few opportunities to utilize the private lenders' strengths. Colleges effectively performed marketing and eligibility screening.

Lenders serviced the loans, but the Government also outsourced the servicing of direct student loans to a private entity, negating the potential advantage of the guarantee program. Lenders were not involved in collection because defaulted loans were taken over by the Government. The main function performed by lenders in that case was financing, in which the Government had a clear advantage.

**Chart 23-1. Face Value of Federal Credit Outstanding**



**Table 23–2. ESTIMATED FUTURE COST OF OUTSTANDING FEDERAL CREDIT PROGRAMS**  
(In billions of dollars)

| Program                                                                 | Outstanding 2010 | Estimated Future Costs of 2010 Outstanding <sup>1</sup> | Outstanding 2011 | Estimated Future Costs of 2011 Outstanding <sup>1</sup> |
|-------------------------------------------------------------------------|------------------|---------------------------------------------------------|------------------|---------------------------------------------------------|
| <b>Direct Loans:<sup>2</sup></b>                                        |                  |                                                         |                  |                                                         |
| Federal Student Loans .....                                             | 254              | 10                                                      | 378              | -14                                                     |
| GSE Mortgage-Backed Securities Purchase Program .....                   | 164              | -9                                                      | 71               | -2                                                      |
| Troubled Asset Relief Program <sup>3</sup> .....                        | 135              | 37                                                      | 100              | 42                                                      |
| Education Temporary Student Loan Purchase Authority .....               | 100              | -9                                                      | 98               | -13                                                     |
| Farm Service Agency (excl. CCC), Rural Development, Rural Housing ..... | 49               | 10                                                      | 52               | 10                                                      |
| Rural Utilities Service and Rural Telephone Bank .....                  | 45               | 2                                                       | 47               | 2                                                       |
| State Housing Finance Authority Direct Loans .....                      | 15               | -1                                                      | 15               | 1                                                       |
| Disaster Assistance .....                                               | 9                | 3                                                       | 8                | 2                                                       |
| Housing and Urban Development .....                                     | 9                | 8                                                       | 9                | 7                                                       |
| Export-Import Bank .....                                                | 9                | 3                                                       | 9                | 2                                                       |
| Public Law 480 .....                                                    | 6                | 2                                                       | 5                | 2                                                       |
| Agency for International Development .....                              | 5                | 2                                                       | 4                | 1                                                       |
| Department of Energy, Title 17, ATVM .....                              | 3                | 1                                                       | 7                | 1                                                       |
| Small Business Lending Fund <sup>3</sup> .....                          | .....            | .....                                                   | 4                | -*                                                      |
| Other direct loan programs <sup>3</sup> .....                           | 24               | 5                                                       | 31               | 11                                                      |
| <b>Total direct loans .....</b>                                         | <b>827</b>       | <b>64</b>                                               | <b>838</b>       | <b>52</b>                                               |
| <b>Guaranteed Loans:<sup>2</sup></b>                                    |                  |                                                         |                  |                                                         |
| FHA-Mutual Mortgage Insurance Fund .....                                | 891              | 26                                                      | 1,043            | 28                                                      |
| Federal Student Loans .....                                             | 390              | 15                                                      | 328              | 10                                                      |
| Department of Veterans Affairs (VA) Mortgages .....                     | 225              | 5                                                       | 258              | 5                                                       |
| FHA-General and Special Risk Insurance Fund .....                       | 134              | 9                                                       | 138              | 8                                                       |
| Small Business Administration (SBA) <sup>4</sup> .....                  | 76               | 4                                                       | 82               | 5                                                       |
| Farm Service Agency (excl. CCC), Rural Development, Rural Housing ..... | 69               | 3                                                       | 83               | 4                                                       |
| Export-Import Bank .....                                                | 45               | 2                                                       | 49               | 1                                                       |
| International Assistance .....                                          | 21               | 3                                                       | 20               | 3                                                       |
| Commodity Credit Corporation .....                                      | 7                | *                                                       | 6                | *                                                       |
| Government National Mortgage Association (GNMA) <sup>4</sup> .....      | .....            | *                                                       | .....            | *                                                       |
| Other guaranteed loan programs <sup>5</sup> .....                       | 8                | *                                                       | 10               | 1                                                       |
| <b>Total guaranteed loans .....</b>                                     | <b>1,866</b>     | <b>67</b>                                               | <b>2,017</b>     | <b>64</b>                                               |
| <b>Total Federal credit .....</b>                                       | <b>2,693</b>     | <b>131</b>                                              | <b>2,855</b>     | <b>116</b>                                              |

\* \$500 million or less.

<sup>1</sup> Direct loan future costs reflect the financing account allowance for subsidy cost and the liquidating account allowance for estimated uncollectible principal and interest. Loan guarantee future costs reflect estimated liabilities for loan guarantees.

<sup>2</sup> Excludes loans and guarantees by deposit insurance agencies and programs not included under credit reform, such as Commodity Credit Corporation (CCC) commodity price supports. Defaulted guaranteed loans that result in loans receivable are included in direct loan amounts.

<sup>3</sup> As authorized by law, table includes equity purchases under the TARP, the Small Business Lending Fund, and IMF Quota transactions provided in the Supplemental Appropriations Act of 2009. Future costs for TARP and IMF transactions reflected here are calculated using the discount rate required by the FCRA, adjusted for market risks, as directed in legislation.

<sup>4</sup> Certain SBA data are excluded from the totals because they are secondary guarantees on SBA's own guaranteed loans. GNMA guarantee data are excluded from the totals because they are secondary guarantees on loans guaranteed by FHA, VA and RHS.

<sup>5</sup> Includes Department of Energy Title 17 loan guarantees financed by private lenders.

**Table 23-3. REESTIMATES OF CREDIT SUBSIDIES ON LOANS DISBURSED BETWEEN 1992-2011 <sup>1</sup>**  
(Outlays and receipts, in millions of dollars)

| Agency and Program                                                 | 2001 | 2002 | 2003  | 2004  | 2005 | 2006  | 2007  | 2008 | 2009 | 2010   | 2011   | 2012   |
|--------------------------------------------------------------------|------|------|-------|-------|------|-------|-------|------|------|--------|--------|--------|
| <b>DIRECT LOANS</b>                                                |      |      |       |       |      |       |       |      |      |        |        |        |
| Agriculture:                                                       |      |      |       |       |      |       |       |      |      |        |        |        |
| Agriculture Credit Insurance Fund .....                            | -656 | 921  | 10    | -701  | -147 | -2    | -14   | -251 | -478 | 326    | -147   | 93     |
| Farm Storage Facility Loans .....                                  |      | -1   | -7    | -8    | 7    | -1    |       | 50   | -47  | -11    | -19    | -6     |
| Apple Loans .....                                                  |      | -2   | 1     |       | *    | *     | *     | *    | -1   | -1     | -*     | -*     |
| Emergency Boll Weevil Loans .....                                  |      |      | 1     | *     | *    | 3     |       | *    | *    | -*     | -*     | -2     |
| Distance Learning, Telemedicine and Broadband Loans ....           |      | 1    | -1    | -1    | 1    | 7     | 1     | 3    | -3   | 1      | -2     | -30    |
| Rural Electrification and Telecommunications Loans .....           | -17  | -42  | 101   | 265   | 143  | -197  | -108  | -149 | 293  | 248    | 192    | -66    |
| Rural Telephone Bank .....                                         | -1   |      | -3    | -7    | -6   | -17   | -48   | -22  | 36   | 1      | -4     | -2     |
| Rural Housing Insurance Fund .....                                 | 19   | -29  | -435  | -64   | -200 | 109   |       | -13  | -405 | 18     | 170    | 313    |
| Rural Economic Development Loans .....                             |      | -1   | -1    |       | -2   | *     | -3    | 3    | -1   | -4     | -2     | *      |
| Rural Development Loan Program .....                               |      | -1   | -3    |       | -3   | -2    | -7    | *    | -4   | -4     | -4     | -3     |
| Rural Community Facilities Program .....                           |      |      |       |       |      |       |       | 4    | 77   | -19    | -31    | -100   |
| Rural Business and Industry Program .....                          |      |      |       |       |      |       |       | -22  | -5   | -5     | 4      | -20    |
| Rural Water and Waste Disposal Program .....                       |      |      |       |       |      |       |       | -13  | 72   | -124   | -52    | -84    |
| Rural Community Advancement Program <sup>2</sup> .....             | 37   | 3    | -1    | -84   | -34  | -73   | -77   |      |      |        |        |        |
| P.L. 480 .....                                                     | -23  | 65   | -348  | 33    | -43  | -239  | -26   | 44   | -163 | -171   | 23     | 19     |
| P.L. 480 Title I Food for Progress Credits .....                   |      |      | -112  | -44   |      |       |       |      |      |        |        |        |
| Commerce:                                                          |      |      |       |       |      |       |       |      |      |        |        |        |
| Fisheries Finance .....                                            | -19  | -1   | -3    |       | 1    | -15   | -12   | 11   | -16  | -*     | *      | *      |
| Defense:                                                           |      |      |       |       |      |       |       |      |      |        |        |        |
| Military Housing Improvement Fund .....                            |      |      |       |       | *    | -4    | -1    | -8   | -2   | -13    | -8     | -29    |
| Education:                                                         |      |      |       |       |      |       |       |      |      |        |        |        |
| Federal Direct Student Loan Program: <sup>3</sup>                  |      |      |       |       |      |       |       |      |      |        |        |        |
| Volume reestimate .....                                            | -6   |      | 43    |       |      |       |       |      |      |        |        |        |
| Other technical reestimate .....                                   | 560  |      | 3,678 | 1,999 | 855  | 2,827 | 2,674 | 408  | -45  | -1,176 | -5,624 | 5,511  |
| Temporary Student Loan Purchase Authority: <sup>3</sup>            |      |      |       |       |      |       |       |      |      |        |        |        |
| Volume reestimate .....                                            |      |      |       |       |      |       |       |      | 418  |        |        |        |
| Other technical reestimate .....                                   |      |      |       |       |      |       |       |      | 444  | 1,076  | -5,529 | -1,433 |
| College Housing and Academic Facilities Loans .....                | -1   |      |       |       |      |       | *     | *    | *    | *      | *      | -*     |
| Historically Black Colleges and Universities .....                 |      |      |       |       |      |       | 11    | -16  | -24  | -75    | 68     | -4     |
| TEACH Grants .....                                                 |      |      |       |       |      |       |       |      |      | 11     | -5     | 18     |
| Energy:                                                            |      |      |       |       |      |       |       |      |      |        |        |        |
| Advanced Technology Vehicle Manufacturing Fund .....               |      |      |       |       |      |       |       |      |      | 12     | -712   | -985   |
| Title 17 Innovative Technology Fund .....                          |      |      |       |       |      |       |       |      |      | -*     | 55     | 409    |
| Homeland Security:                                                 |      |      |       |       |      |       |       |      |      |        |        |        |
| Disaster Assistance .....                                          | 36   | -7   | -6    | *     | 4    | *     | *     | *    |      | -18    | -1     | -29    |
| Interior:                                                          |      |      |       |       |      |       |       |      |      |        |        |        |
| Bureau of Reclamation Loans .....                                  | 3    | -9   | -14   |       | 17   | 1     | 1     | 5    | -3   | -1     | -9     | -9     |
| Bureau of Indian Affairs Direct Loans .....                        | -1   | -1   | 2     | *     | *    | *     | 1     | -1   |      | 1      | 1      | *      |
| Assistance to American Samoa .....                                 |      |      |       | *     | *    |       | 2     |      |      | -4     | *      | -*     |
| Housing and Urban Development:                                     |      |      |       |       |      |       |       |      |      |        |        |        |
| Green Retrofit Program for Multifamily Housing, Recovery Act ..... |      |      |       |       |      |       |       |      |      |        |        | 5      |
| State:                                                             |      |      |       |       |      |       |       |      |      |        |        |        |
| Repatriation Loans .....                                           |      |      |       |       |      |       |       |      |      |        |        |        |
| Transportation:                                                    |      |      |       |       |      |       |       |      |      |        |        |        |
| High Priority Corridor Loans .....                                 |      |      |       |       |      |       |       |      |      |        |        |        |
| Alameda Corridor Loan .....                                        |      |      |       | -12   |      |       |       |      |      |        |        |        |
| Transportation Infrastructure Finance and Innovation .....         | 18   |      |       |       | 3    | -11   | 7     | 11   | -163 | 92     | 17     | -64    |
| Railroad Rehabilitation and Improvement Program .....              |      |      |       | -5    | -14  | -11   | -1    | 15   | -8   | 15     | 13     | -16    |
| Treasury:                                                          |      |      |       |       |      |       |       |      |      |        |        |        |
| GSE Mortgage-Backed Securities Purchase Program .....              |      |      |       |       |      |       |       |      |      | -8,165 | 2,054  | -7,075 |
| Community Development Financial Institutions Fund .....            |      |      | *     | -1    | *    | -1    | 1     | *    |      | -2     | 2      | -1     |

**Table 23-3. REESTIMATES OF CREDIT SUBSIDIES ON LOANS DISBURSED BETWEEN 1992-2011<sup>1</sup>—Continued**  
(Outlays and receipts, in millions of dollars)

| Agency and Program                                           | 2001   | 2002  | 2003   | 2004   | 2005  | 2006  | 2007   | 2008  | 2009    | 2010    | 2011    | 2012    |
|--------------------------------------------------------------|--------|-------|--------|--------|-------|-------|--------|-------|---------|---------|---------|---------|
| Troubled Asset Relief Program Direct Loan <sup>4</sup> ..... | .....  | ..... | .....  | .....  | ..... | ..... | .....  | ..... | .....   | -15,499 | -4,195  | 3,334   |
| Troubled Asset Relief Program Equity <sup>4</sup> .....      | .....  | ..... | .....  | .....  | ..... | ..... | .....  | ..... | .....   | -90,601 | -47,207 | 11,829  |
| Small Business Lending Fund <sup>4</sup> .....               | .....  | ..... | .....  | .....  | ..... | ..... | .....  | ..... | .....   | .....   | .....   | -368    |
| <b>Veterans Affairs:</b>                                     |        |       |        |        |       |       |        |       |         |         |         |         |
| Veterans Housing Benefit Program Fund .....                  | -107   | -697  | 17     | -178   | 987   | -44   | -76    | -402  | 20      | 69      | 45      | 389     |
| Native American Veteran Housing .....                        | .....  | ..... | -3     | *      | *     | *     | 1      | 1     | *       | -*      | 2       | 6       |
| Vocational Rehabilitation Loans .....                        | .....  | ..... | *      | *      | *     | -1    | 1      | -1    | 1       | -*      | *       | -*      |
| <b>Environmental Protection Agency:</b>                      |        |       |        |        |       |       |        |       |         |         |         |         |
| Abatement, Control and Compliance .....                      | 3      | -1    | *      | -3     | *     | *     | *      | *     | *       | -*      | -*      | *       |
| <b>International Assistance Programs:</b>                    |        |       |        |        |       |       |        |       |         |         |         |         |
| Foreign Military Financing .....                             | -166   | 119   | -397   | -64    | -41   | -7    | -6     | 7     | .....   | .....   | .....   | 33      |
| <b>U.S. Agency for International Development:</b>            |        |       |        |        |       |       |        |       |         |         |         |         |
| Micro and Small Enterprise Development .....                 | .....  | *     | .....  | *      | ..... | ..... | .....  | ..... | .....   | .....   | .....   | .....   |
| <b>Overseas Private Investment Corporation:</b>              |        |       |        |        |       |       |        |       |         |         |         |         |
| OPIC Direct Loans .....                                      | .....  | ..... | -4     | -21    | 3     | -7    | 72     | 31    | -15     | -46     | 6       | -4      |
| IMF Quota <sup>4</sup> .....                                 | .....  | ..... | .....  | .....  | ..... | ..... | .....  | ..... | .....   | .....   | .....   | 17      |
| Debt Reduction .....                                         | -4     | ..... | *      | -47    | -104  | 54    | -3     | ..... | .....   | .....   | .....   | .....   |
| <b>Small Business Administration:</b>                        |        |       |        |        |       |       |        |       |         |         |         |         |
| Business Loans .....                                         | 1      | -2    | 1      | 25     | ..... | -16   | -4     | 4     | 7       | 3       | 1       | 1       |
| Disaster Loans .....                                         | -282   | -14   | 266    | 589    | 196   | 61    | 258    | -109  | 134     | 157     | 136     | 127     |
| <b>Other Independent Agencies:</b>                           |        |       |        |        |       |       |        |       |         |         |         |         |
| Export-Import Bank Direct Loans .....                        | 157    | 117   | -640   | -305   | 111   | -257  | -227   | -120  | 7       | 54      | 394     | 382     |
| Federal Communications Commission .....                      | -804   | 92    | 346    | 380    | 732   | -24   | 11     | ..... | -100    | -23     | 12      | 4       |
| <b>LOAN GUARANTEES</b>                                       |        |       |        |        |       |       |        |       |         |         |         |         |
| <b>Agriculture:</b>                                          |        |       |        |        |       |       |        |       |         |         |         |         |
| Agriculture Credit Insurance Fund .....                      | 205    | 40    | -36    | -33    | -22   | -162  | 20     | -36   | -48     | -4      | -58     | -75     |
| Agriculture Resource Conservation Demonstration .....        | 2      | ..... | 1      | -1     | *     | *     | .....  | ..... | .....   | .....   | .....   | .....   |
| Commodity Credit Corporation Export Guarantees .....         | -1,410 | ..... | -13    | -230   | -205  | -366  | -232   | -225  | -39     | 9       | -22     | 48      |
| Rural Electrification and Telecommunications Loans .....     | .....  | ..... | .....  | .....  | ..... | ..... | *      | *     | *       | -*      | -*      | .....   |
| Rural Housing Insurance Fund .....                           | 152    | -56   | 32     | 50     | 66    | 44    | .....  | -19   | -24     | 81      | 183     | 312     |
| Rural Business and Industry Program .....                    | .....  | ..... | .....  | .....  | ..... | ..... | .....  | -9    | -11     | 41      | 72      | 178     |
| Rural Community Facilities Program .....                     | .....  | ..... | .....  | .....  | ..... | ..... | .....  | -1    | 13      | 7       | 11      | 13      |
| Rural Water and Waste Disposal Program .....                 | .....  | ..... | .....  | .....  | ..... | ..... | .....  | ..... | .....   | 1       | *       | .....   |
| Rural Community Advancement Program <sup>2</sup> .....       | 63     | 17    | 91     | 15     | 29    | -64   | -16    | ..... | .....   | .....   | .....   | .....   |
| Rural Energy for America .....                               | .....  | ..... | .....  | .....  | ..... | ..... | .....  | *     | *       | 2       | 4       | 13      |
| Biorefinery Assistance .....                                 | .....  | ..... | .....  | .....  | ..... | ..... | .....  | ..... | .....   | .....   | *       | 20      |
| <b>Commerce:</b>                                             |        |       |        |        |       |       |        |       |         |         |         |         |
| Fisheries Finance .....                                      | -3     | -1    | 3      | *      | 1     | *     | 1      | *     | *       | *       | *       | .....   |
| Emergency Steel Guaranteed Loans .....                       | .....  | ..... | 50     | *      | 3     | -75   | -13    | 1     | -53     | .....   | .....   | .....   |
| Emergency Oil and Gas Guaranteed Loans .....                 | *      | *     | *      | *      | *     | -1    | *      | *     | .....   | .....   | .....   | .....   |
| <b>Defense:</b>                                              |        |       |        |        |       |       |        |       |         |         |         |         |
| Military Housing Improvement Fund .....                      | .....  | ..... | .....  | -3     | -1    | -3    | -5     | -1    | -2      | -3      | -2      | -2      |
| Defense Export Loan Guarantee .....                          | .....  | ..... | .....  | .....  | -5    | ..... | .....  | ..... | .....   | .....   | .....   | .....   |
| Arms Initiative Guaranteed Loan Program .....                | .....  | ..... | .....  | .....  | ..... | ..... | .....  | 20    | .....   | 2       | -3      | .....   |
| <b>Education:</b>                                            |        |       |        |        |       |       |        |       |         |         |         |         |
| <b>Federal Family Education Loan Program:<sup>3</sup></b>    |        |       |        |        |       |       |        |       |         |         |         |         |
| Volume reestimate .....                                      | -42    | ..... | 277    | .....  | ..... | ..... | .....  | ..... | .....   | .....   | .....   | .....   |
| Other technical reestimate .....                             | -3,484 | ..... | -2,483 | -3,278 | 1,348 | 6,837 | -3,399 | -189  | -13,463 | -7,008  | -14,455 | -10,354 |
| <b>Energy:</b>                                               |        |       |        |        |       |       |        |       |         |         |         |         |
| Title 17 Innovative Technology Fund .....                    | .....  | ..... | .....  | .....  | ..... | ..... | .....  | ..... | .....   | .....   | *       | 12      |
| <b>Health and Human Services:</b>                            |        |       |        |        |       |       |        |       |         |         |         |         |
| Health Center Loan Guarantees .....                          | .....  | *     | *      | .....  | 1     | *     | *      | -1    | -2      | *       | -*      | .....   |
| Health Education Assistance Loans .....                      | .....  | ..... | -5     | -37    | -33   | -18   | -20    | *     | -15     | -5      | 13      | -5      |

**Table 23-3. REESTIMATES OF CREDIT SUBSIDIES ON LOANS DISBURSED BETWEEN 1992-2011<sup>1</sup>—Continued**  
(Outlays and receipts, in millions of dollars)

| Agency and Program                                                           | 2001          | 2002          | 2003        | 2004         | 2005         | 2006         | 2007          | 2008         | 2009         | 2010            | 2011           | 2012         |
|------------------------------------------------------------------------------|---------------|---------------|-------------|--------------|--------------|--------------|---------------|--------------|--------------|-----------------|----------------|--------------|
| Housing and Urban Development:                                               |               |               |             |              |              |              |               |              |              |                 |                |              |
| Indian Housing Loan Guarantee .....                                          | -6            | *             | -1          | *            | -3           | -1           | *             | -5           | -7           | -7              | -2             | 13           |
| Title VI Indian Guarantees .....                                             | .....         | .....         | -1          | 1            | 4            | *            | -4            | -3           | -2           | -2              | -1             | -2           |
| Community Development Loan Guarantees .....                                  | .....         | .....         | .....       | 19           | -10          | -2           | 4             | 1            | -1           | -9              | -8             | -2           |
| FHA-Mutual Mortgage Insurance .....                                          | 2,413         | -1,308        | 1,100       | 5,947        | 1,979        | 2,842        | 636           | 3,923        | 9,262        | 8,435           | 5,014          | 6,560        |
| FHA-General and Special Risk .....                                           | -217          | -403          | 77          | 352          | 507          | 238          | -1,254        | -362         | 6,086        | 571             | 1,848          | -1,200       |
| Guarantees of Mortgage Backed Securities .....                               | .....         | .....         | .....       | .....        | .....        | .....        | .....         | .....        | .....        | .....           | 684            | 132          |
| Interior:                                                                    |               |               |             |              |              |              |               |              |              |                 |                |              |
| Bureau of Indian Affairs Guaranteed Loans .....                              | -14           | -1            | -2          | -2           | *            | 15           | 5             | -30          | -3           | 11              | 4              | -19          |
| Bureau of Indian Affairs Insured Loans .....                                 | .....         | .....         | .....       | .....        | .....        | .....        | .....         | .....        | .....        | .....           | -*             | .....        |
| Transportation:                                                              |               |               |             |              |              |              |               |              |              |                 |                |              |
| Maritime Guaranteed Loans (Title XI) .....                                   | -15           | 187           | 27          | -16          | 4            | -76          | -11           | -51          | 23           | 8               | 32             | 3            |
| Minority Business Resource Center .....                                      | .....         | 1             | .....       | *            | *            | .....        | *             | *            | .....        | -*              | -*             | -*           |
| Treasury:                                                                    |               |               |             |              |              |              |               |              |              |                 |                |              |
| Air Transportation Stabilization Program .....                               | .....         | .....         | 113         | -199         | 292          | -109         | -95           | .....        | .....        | .....           | .....          | .....        |
| Troubled Asset Relief Program <sup>4</sup> .....                             | .....         | .....         | .....       | .....        | .....        | .....        | .....         | .....        | .....        | -517            | -691           | 28           |
| Veterans Affairs:                                                            |               |               |             |              |              |              |               |              |              |                 |                |              |
| Veterans Housing Benefit Fund Program .....                                  | -770          | -163          | -184        | -1,515       | -462         | -842         | -525          | 182          | -70          | 494             | 1,084          | 654          |
| International Assistance Programs:                                           |               |               |             |              |              |              |               |              |              |                 |                |              |
| U.S. Agency for International Development:                                   |               |               |             |              |              |              |               |              |              |                 |                |              |
| Development Credit Authority .....                                           | .....         | -1            | .....       | 1            | -3           | -2           | 2             | 11           | 5            | -8              | -6             | 4            |
| Micro and Small Enterprise Development .....                                 | .....         | .....         | .....       | 2            | -2           | .....        | -3            | *            | .....        | .....           | -1             | .....        |
| Urban and Environmental Credit .....                                         | .....         | -4            | -15         | 48           | -2           | -5           | -11           | -22          | 7            | -1              | -10            | -6           |
| Assistance to the New Independent States of the<br>Former Soviet Union ..... | .....         | -34           | .....       | .....        | .....        | .....        | .....         | .....        | .....        | .....           | .....          | .....        |
| Loan Guarantees to Israel .....                                              | .....         | .....         | .....       | -76          | -111         | 188          | 34            | -16          | -46          | 283             | -21            | -316         |
| Loan Guarantees to Egypt .....                                               | .....         | .....         | .....       | .....        | .....        | 7            | 14            | -12          | 12           | -11             | 6              | -54          |
| Overseas Private Investment Corporation:                                     |               |               |             |              |              |              |               |              |              |                 |                |              |
| OPIC Guaranteed Loans .....                                                  | .....         | 5             | 77          | 60           | -212         | -21          | -149          | -268         | -26          | -23             | -13            | 39           |
| Small Business Administration:                                               |               |               |             |              |              |              |               |              |              |                 |                |              |
| Business Loans .....                                                         | -528          | -226          | 304         | 1,750        | 1,034        | -390         | -268          | -140         | 931          | 3,746           | 3,711          | 1,512        |
| Other Independent Agencies:                                                  |               |               |             |              |              |              |               |              |              |                 |                |              |
| Export-Import Bank Guarantees .....                                          | -1,520        | -417          | -2,042      | -1,133       | -655         | -1,164       | -579          | -174         | 23           | 571             | -370           | -312         |
| <b>Total</b> .....                                                           | <b>-6,427</b> | <b>-1,854</b> | <b>-142</b> | <b>3,468</b> | <b>6,008</b> | <b>9,003</b> | <b>-3,441</b> | <b>2,044</b> | <b>2,576</b> | <b>-107,214</b> | <b>-63,353</b> | <b>9,354</b> |

\* \$500,000 or less.

<sup>1</sup> Excludes interest on reestimates. Additional information on credit reform subsidy reestimates is available in the Federal Credit Supplement.

<sup>2</sup> Includes Rural Water and Waste Disposal, Rural Community Facilities, and Rural Business and Industry programs through 2007.

<sup>3</sup> Volume reestimates in mandatory programs represent a change in volume of loans disbursed in the prior years.

<sup>4</sup> As authorized by law, table includes reestimated subsidy costs of equity purchases under the TARP and the Small Business Lending Fund, and IMF transactions authorized under the Supplemental Appropriations Act of 2009. Subsidy costs for TARP and IMF transactions reflected here are estimated using the discount rate required under the FCRA, adjusted for market risks, as directed in legislation.



**Table 23–4. DIRECT LOAN SUBSIDY RATES, BUDGET AUTHORITY, AND LOAN LEVELS, 2011–2013**  
(Dollars in millions)

| Agency and Program                                                                       | 2011 Actual               |                          |             | 2012 Estimated            |                          |             | 2013 Proposed             |                          |             |
|------------------------------------------------------------------------------------------|---------------------------|--------------------------|-------------|---------------------------|--------------------------|-------------|---------------------------|--------------------------|-------------|
|                                                                                          | Subsidy rate <sup>1</sup> | Subsidy budget authority | Loan levels | Subsidy rate <sup>1</sup> | Subsidy budget authority | Loan levels | Subsidy rate <sup>1</sup> | Subsidy budget authority | Loan levels |
| <b>Agriculture:</b>                                                                      |                           |                          |             |                           |                          |             |                           |                          |             |
| Agricultural Credit Insurance Fund Program Account .....                                 | 6.43                      | 107                      | 1,674       | 4.87                      | 84                       | 1,707       | 4.80                      | 77                       | 1,632       |
| Farm Storage Facility Loans Program Account .....                                        | -2.01                     | -5                       | 250         | -2.28                     | -7                       | 303         | -2.47                     | -7                       | 303         |
| Rural Electrification and Telecommunications Loans Program Account .....                 | -3.79                     | -207                     | 5,462       | -4.34                     | -335                     | 7,714       | -5.55                     | -377                     | 6,790       |
| Distance Learning, Telemedicine, and Broadband Program .....                             | 6.84                      | 3                        | 37          | 3.55                      | 26                       | 736         | 9.47                      | 9                        | 94          |
| Rural Water and Waste Disposal Program Account .....                                     | 8.58                      | 86                       | 1,001       | 9.58                      | 81                       | 847         | 8.07                      | 90                       | 1,121       |
| Rural Community Facilities Program Account .....                                         | 1.33                      | 7                        | 490         | -3.03                     | -39                      | 1,300       | -2.08                     | -42                      | 2,000       |
| Farm Labor Program Account .....                                                         | 38.38                     | 16                       | 40          | .....                     | .....                    | .....       | .....                     | .....                    | .....       |
| Multifamily Housing Revitalization Program Account .....                                 | 51.47                     | 12                       | 23          | 49.64                     | 11                       | 22          | 60.20                     | 31                       | 51          |
| Rural Housing Insurance Fund Program Account .....                                       | 8.03                      | 98                       | 1,219       | 7.22                      | 73                       | 1,016       | 7.28                      | 52                       | 707         |
| Rural Microenterprise Investment Program Account .....                                   | 21.39                     | 3                        | 15          | .....                     | .....                    | .....       | 14.95                     | 5                        | 34          |
| Rural Development Loan Fund Program Account .....                                        | 38.58                     | 7                        | 19          | 33.88                     | 6                        | 18          | 32.04                     | 6                        | 19          |
| Rural Economic Development Loans Program Account .....                                   | 17.91                     | 5                        | 29          | 12.98                     | 10                       | 79          | 12.39                     | 4                        | 33          |
| <b>Commerce:</b>                                                                         |                           |                          |             |                           |                          |             |                           |                          |             |
| Fisheries Finance Program Account .....                                                  | -11.09                    | -7                       | 68          | -9.46                     | -11                      | 115         | -4.21                     | -4                       | 83          |
| <b>Defense—Military Programs:</b>                                                        |                           |                          |             |                           |                          |             |                           |                          |             |
| Defense Family Housing Improvement Fund .....                                            | 23.64                     | 60                       | 254         | 3.09                      | *                        | 15          | .....                     | .....                    | .....       |
| <b>Education:</b>                                                                        |                           |                          |             |                           |                          |             |                           |                          |             |
| College Housing and Academic Facilities Loans Program Account ..                         | 7.24                      | 11                       | 154         | 5.50                      | 20                       | 368         | 6.29                      | 20                       | 320         |
| Teacher Education Assistance .....                                                       | 13.31                     | 22                       | 169         | 11.69                     | 21                       | 178         | 10.89                     | 11                       | 97          |
| Federal Perkins Loan Program Account .....                                               | .....                     | .....                    | .....       | .....                     | .....                    | .....       | -29.10                    | -1,379                   | 4,737       |
| Federal Direct Student Loan Program Account .....                                        | -13.91                    | -21,760                  | 156,473     | -15.15                    | -29,519                  | 194,817     | -20.08                    | -33,475                  | 166,707     |
| <b>Energy:</b>                                                                           |                           |                          |             |                           |                          |             |                           |                          |             |
| Title 17 Innovative Technology Loan Guarantee Program .....                              | 14.98                     | 1,404                    | 9,371       | 0.94 <sup>2</sup>         | 168                      | 17,872      | ..... <sup>2</sup>        | .....                    | 15,000      |
| Advanced Technology Vehicles Manufacturing Loan Program Account .....                    | 22.93                     | 179                      | 781         | 25.60                     | 4,063                    | 15,871      | .....                     | .....                    | .....       |
| <b>Health and Human Services:</b>                                                        |                           |                          |             |                           |                          |             |                           |                          |             |
| Consumer Operated and Oriented Plan Program Account .....                                | .....                     | .....                    | .....       | 43.21                     | 2,431                    | 5,625       | 43.05                     | 699                      | 1,625       |
| <b>Homeland Security:</b>                                                                |                           |                          |             |                           |                          |             |                           |                          |             |
| Disaster Assistance Direct Loan Program Account .....                                    | .....                     | .....                    | .....       | -1.17                     | -1                       | 25          | -1.51                     | -1                       | 25          |
| <b>Housing and Urban Development:</b>                                                    |                           |                          |             |                           |                          |             |                           |                          |             |
| FHA-Mutual Mortgage Insurance Program Account .....                                      | .....                     | .....                    | .....       | .....                     | .....                    | 50          | .....                     | .....                    | 50          |
| FHA-General and Special Risk Program Account .....                                       | .....                     | .....                    | .....       | .....                     | .....                    | 1           | .....                     | .....                    | 1           |
| Emergency Homeowners' Relief Fund .....                                                  | 97.72                     | 205                      | 210         | .....                     | .....                    | .....       | .....                     | .....                    | .....       |
| <b>State:</b>                                                                            |                           |                          |             |                           |                          |             |                           |                          |             |
| Repatriation Loans Program Account .....                                                 | 58.57                     | 1                        | 3           | 57.85                     | 1                        | 1           | 57.67                     | 1                        | 2           |
| <b>Transportation:</b>                                                                   |                           |                          |             |                           |                          |             |                           |                          |             |
| Highway Infrastructure Investment, Recovery Act .....                                    | 2.58                      | 12                       | 472         | .....                     | .....                    | .....       | .....                     | .....                    | .....       |
| TIFIA General Fund Program Account, Federal Highway Administration, Transportation ..... | .....                     | .....                    | .....       | 3.21                      | 19                       | 592         | 10.34                     | 39                       | 377         |
| Federal-aid Highways .....                                                               | .....                     | .....                    | .....       | 9.05                      | 97                       | 1,077       | 9.66                      | 478                      | 4,948       |
| Railroad Rehabilitation and Improvement Program .....                                    | .....                     | .....                    | 566         | .....                     | .....                    | 600         | .....                     | .....                    | 600         |
| <b>Treasury:</b>                                                                         |                           |                          |             |                           |                          |             |                           |                          |             |
| Small Business Lending Fund Program Account <sup>3</sup> .....                           | 7.24                      | 292                      | 4,028       | .....                     | .....                    | .....       | .....                     | .....                    | .....       |
| Community Development Financial Institutions Fund Program Account .....                  | .....                     | .....                    | .....       | 40.26                     | 4                        | 10          | 0.78                      | 8                        | 1,025       |
| <b>Veterans Affairs:</b>                                                                 |                           |                          |             |                           |                          |             |                           |                          |             |
| Veterans Housing Benefit Program Fund .....                                              | -2.33                     | -6                       | 263         | -1.84                     | -21                      | 1,141       | -2.54                     | -33                      | 1,326       |
| Native American Veteran Housing Loan Program Account .....                               | -10.27                    | -1                       | 9           | -9.27                     | -1                       | 14          | -13.87                    | -2                       | 14          |
| <b>International Assistance Programs:</b>                                                |                           |                          |             |                           |                          |             |                           |                          |             |
| Development Credit Authority Program Account .....                                       | .....                     | .....                    | .....       | .....                     | .....                    | .....       | 27.42                     | 3                        | 10          |

**Table 23–4. DIRECT LOAN SUBSIDY RATES, BUDGET AUTHORITY, AND LOAN LEVELS, 2011–2013—Continued**  
(Dollars in millions)

| Agency and Program                                                       | 2011 Actual               |                          |                | 2012 Estimated            |                          |                | 2013 Proposed             |                          |                |
|--------------------------------------------------------------------------|---------------------------|--------------------------|----------------|---------------------------|--------------------------|----------------|---------------------------|--------------------------|----------------|
|                                                                          | Subsidy rate <sup>1</sup> | Subsidy budget authority | Loan levels    | Subsidy rate <sup>1</sup> | Subsidy budget authority | Loan levels    | Subsidy rate <sup>1</sup> | Subsidy budget authority | Loan levels    |
| Overseas Private Investment Corporation Program Account .....            | -2.07                     | -15                      | 712            | -2.37                     | -25                      | 1,050          | -3.10                     | -36                      | 1,150          |
| United States Quota IMF Direct Loan Program Account <sup>3,4</sup> ..... | 2.34                      | 188                      | 8,023          | .....                     | .....                    | .....          | .....                     | .....                    | .....          |
| Loans to the IMF Direct Loan Program Account <sup>3,4</sup> .....        | 0.34                      | 331                      | 97,499         | .....                     | .....                    | .....          | .....                     | .....                    | .....          |
| Small Business Administration:                                           |                           |                          |                |                           |                          |                |                           |                          |                |
| Disaster Loans Program Account .....                                     | 13.53                     | 83                       | 611            | 11.03                     | 121                      | 1,100          | 11.11                     | 122                      | 1,100          |
| Business Loans Program Account .....                                     | 20.60                     | 11                       | 56             | 19.61                     | 9                        | 45             | 15.71                     | 3                        | 18             |
| Export-Import Bank of the United States:                                 |                           |                          |                |                           |                          |                |                           |                          |                |
| Export-Import Bank Loans Program Account .....                           | -12.76                    | -807                     | 6,323          | 32.99                     | 8                        | 25             | 30.08                     | 8                        | 25             |
| National Infrastructure Bank:                                            |                           |                          |                |                           |                          |                |                           |                          |                |
| National Infrastructure Bank Program Account .....                       | .....                     | .....                    | .....          | 15.14                     | 68                       | 450            | 15.02                     | 338                      | 2,250          |
| <b>Total .....</b>                                                       | <b>N/A</b>                | <b>-19,665</b>           | <b>296,304</b> | <b>N/A</b>                | <b>-22,638</b>           | <b>254,784</b> | <b>N/A</b>                | <b>-33,352</b>           | <b>214,274</b> |

\* \$500,000 or less.

<sup>1</sup> Additional information on credit subsidy rates is available in the Federal Credit Supplement.

<sup>2</sup> Rate reflects notional estimate, including transactions funded through either appropriations or borrower fees. Estimates will be determined at the time of execution, and will reflect the terms of the contracts and other characteristics.

<sup>3</sup> As authorized by law, table includes equity purchases under the Small Business Lending Fund and IMF transactions provided in the Supplemental Appropriations Act of 2009.

<sup>4</sup> Subsidy costs for IMF transactions reflected here are calculated using the discount rates required by the FCRA, adjusted for market risks, as directed in legislation.

N/A = Not applicable.

**Table 23–5. LOAN GUARANTEE SUBSIDY RATES, BUDGET AUTHORITY, AND LOAN LEVELS, 2011–2013**  
(Dollars in millions)

| Agency and Program                                                | 2011 Actual               |                          |                | 2012 Estimated            |                          |                | 2013 Proposed             |                          |                |
|-------------------------------------------------------------------|---------------------------|--------------------------|----------------|---------------------------|--------------------------|----------------|---------------------------|--------------------------|----------------|
|                                                                   | Subsidy rate <sup>1</sup> | Subsidy budget authority | Loan levels    | Subsidy rate <sup>1</sup> | Subsidy budget authority | Loan levels    | Subsidy rate <sup>1</sup> | Subsidy budget authority | Loan levels    |
| <b>Agriculture:</b>                                               |                           |                          |                |                           |                          |                |                           |                          |                |
| Agricultural Credit Insurance Fund Program Account .....          | 1.38                      | 43                       | 3,143          | 0.82                      | 26                       | 3,150          | 0.52                      | 17                       | 3,150          |
| Commodity Credit Corporation Export Loans Program Account .....   | -0.86                     | -41                      | 4,767          | -0.76                     | -42                      | 5,500          | -0.81                     | -45                      | 5,500          |
| Rural Water and Waste Disposal Program Account .....              | -0.85                     | *                        | 32             | 1.59                      | 1                        | 31             | 1.06                      | *                        | 47             |
| Rural Community Facilities Program Account .....                  | 3.95                      | 8                        | 196            | 4.73                      | 9                        | 191            | 6.75                      | 1                        | 16             |
| Rural Housing Insurance Fund Program Account .....                | -0.16                     | -29                      | 16,890         | -0.03                     | -7                       | 24,130         | -0.28                     | -67                      | 24,150         |
| Rural Business Program Account .....                              | 5.06                      | 70                       | 1,387          | 5.58                      | 48                       | 869            | 6.86                      | 67                       | 981            |
| Rural Energy for America Program .....                            | 46.36                     | 16                       | 34             | 26.19                     | 13                       | 48             | 24.01                     | 28                       | 118            |
| Biorefinery Assistance Program Account .....                      | 31.10                     | 89                       | 285            | 26.80                     | 185                      | 691            | .....                     | .....                    | .....          |
| <b>Commerce:</b>                                                  |                           |                          |                |                           |                          |                |                           |                          |                |
| Economic Development Assistance Programs .....                    | .....                     | .....                    | .....          | 15.32                     | 10                       | 65             | 18.06                     | 7                        | 39             |
| <b>Energy:</b>                                                    |                           |                          |                |                           |                          |                |                           |                          |                |
| Title 17 Innovative Technology Loan Guarantee Program .....       | 7.56                      | 419                      | 5,546          | ..... <sup>2</sup>        | .....                    | 2,200          | .....                     | .....                    | .....          |
| <b>Health and Human Services:</b>                                 |                           |                          |                |                           |                          |                |                           |                          |                |
| Health Resources and Services .....                               | 2.72                      | 1                        | 32             | 4.63                      | *                        | 15             | 3.70                      | *                        | 12             |
| <b>Housing and Urban Development:</b>                             |                           |                          |                |                           |                          |                |                           |                          |                |
| Indian Housing Loan Guarantee Fund Program Account .....          | 0.83                      | 5                        | 577            | 1.46                      | 5                        | 360            | 0.83                      | 7                        | 900            |
| Native Hawaiian Housing Loan Guarantee Fund Program Account ..... | 0.83                      | *                        | 42             | 0.93                      | 1                        | 33             | 0.50                      | 1                        | 38             |
| Native American Housing Block Grant .....                         | 10.20                     | 2                        | 20             | 10.80                     | 2                        | 20             | 10.91                     | 2                        | 18             |
| Community Development Loan Guarantees Program Account .....       | 2.34                      | 6                        | 275            | 2.48                      | 9                        | 365            | .....                     | .....                    | 500            |
| FHA-Mutual Mortgage Insurance Program Account .....               | -2.86                     | -6,740                   | 236,017        | -1.71                     | -3,937                   | 230,633        | -3.73                     | -8,188                   | 219,562        |
| FHA-General and Special Risk Program Account .....                | -2.73                     | -468                     | 17,175         | -1.89                     | -364                     | 19,285         | -4.01                     | -661                     | 16,435         |
| Home Ownership Preservation Equity Fund Program Account .....     | 10.90                     | 11                       | 101            | .....                     | .....                    | .....          | .....                     | .....                    | .....          |
| <b>Interior:</b>                                                  |                           |                          |                |                           |                          |                |                           |                          |                |
| Indian Guaranteed Loan Program Account .....                      | 7.87                      | 6                        | 84             | 8.38                      | 6                        | 73             | 5.53                      | 4                        | 73             |
| <b>Transportation:</b>                                            |                           |                          |                |                           |                          |                |                           |                          |                |
| Minority Business Resource Center Program .....                   | 1.79                      | *                        | 4              | 1.81                      | *                        | 18             | 1.73                      | *                        | 22             |
| Federal-aid Highways .....                                        | .....                     | .....                    | .....          | 10.00                     | 20                       | 200            | 9.50                      | 20                       | 211            |
| Railroad Rehabilitation and Improvement Program .....             | .....                     | .....                    | .....          | .....                     | .....                    | 100            | .....                     | .....                    | 100            |
| Maritime Guaranteed Loan (Title XI) Program Account .....         | 7.50                      | 60                       | 798            | 7.26                      | 27                       | 370            | .....                     | .....                    | .....          |
| <b>Veterans Affairs:</b>                                          |                           |                          |                |                           |                          |                |                           |                          |                |
| Veterans Housing Benefit Program Fund .....                       | -0.30                     | -219                     | 72,117         | 0.06                      | 37                       | 65,060         | 0.27                      | 135                      | 50,821         |
| <b>International Assistance Programs:</b>                         |                           |                          |                |                           |                          |                |                           |                          |                |
| Loan Guarantees to Israel Program Account .....                   | .....                     | .....                    | .....          | .....                     | .....                    | 3,814          | .....                     | .....                    | .....          |
| Tunisia Loan Guarantee Program Account .....                      | .....                     | .....                    | .....          | .....                     | 30                       | 400            | .....                     | .....                    | .....          |
| Development Credit Authority Program Account .....                | 6.93                      | 14                       | 196            | 7.56                      | 45                       | 595            | 6.45                      | 47                       | 729            |
| Overseas Private Investment Corporation Program Account .....     | -8.10                     | -142                     | 1,759          | -5.66                     | -116                     | 2,050          | -6.38                     | -185                     | 2,900          |
| <b>Small Business Administration:</b>                             |                           |                          |                |                           |                          |                |                           |                          |                |
| Disaster Loans Program Account .....                              | .....                     | .....                    | .....          | 1.96                      | *                        | 18             | 2.31                      | 1                        | 57             |
| Business Loans Program Account .....                              | 0.95                      | 561                      | 58,824         | 0.30                      | 250                      | 83,123         | 0.45                      | 374                      | 83,440         |
| <b>Export-Import Bank of the United States:</b>                   |                           |                          |                |                           |                          |                |                           |                          |                |
| Export-Import Bank Loans Program Account .....                    | -0.85                     | -225                     | 26,404         | -0.93                     | -295                     | 31,694         | -2.83                     | -1,049                   | 36,949         |
| <b>National Infrastructure Bank:</b>                              |                           |                          |                |                           |                          |                |                           |                          |                |
| National Infrastructure Bank Program Account .....                | .....                     | .....                    | .....          | .....                     | .....                    | .....          | 8.51                      | 17                       | 200            |
| <b>Total .....</b>                                                | <b>N/A</b>                | <b>-6,553</b>            | <b>446,705</b> | <b>N/A</b>                | <b>-4,037</b>            | <b>475,101</b> | <b>N/A</b>                | <b>-9,467</b>            | <b>446,968</b> |

**Table 23–5 LOAN GUARANTEE SUBSIDY RATES, BUDGET AUTHORITY, AND LOAN LEVELS, 2011–2013—Continued**  
(Dollars in millions)

| Agency and Program                                                            | 2011 Actual               |                          |                | 2012 Estimated            |                          |                | 2013 Proposed             |                          |                |
|-------------------------------------------------------------------------------|---------------------------|--------------------------|----------------|---------------------------|--------------------------|----------------|---------------------------|--------------------------|----------------|
|                                                                               | Subsidy rate <sup>1</sup> | Subsidy budget authority | Loan levels    | Subsidy rate <sup>1</sup> | Subsidy budget authority | Loan levels    | Subsidy rate <sup>1</sup> | Subsidy budget authority | Loan levels    |
| <b>ADDENDUM: SECONDARY GUARANTEED LOAN COMMITMENT LIMITATIONS</b>             |                           |                          |                |                           |                          |                |                           |                          |                |
| GNMA:                                                                         |                           |                          |                |                           |                          |                |                           |                          |                |
| Guarantees of Mortgage-backed Securities Loan Guarantee Program Account ..... | -0.24                     | -841                     | 350,398        | -0.19                     | -553                     | 291,000        | -0.23                     | -550                     | 239,000        |
| Treasury:                                                                     |                           |                          |                |                           |                          |                |                           |                          |                |
| Troubled Asset Relief Program, Housing Programs <sup>3</sup> .....            | 1.26                      | 1                        | 73             | 5.34                      | 2,769                    | 51,862         | 4.76                      | 2,466                    | 51,862         |
| SBA:                                                                          |                           |                          |                |                           |                          |                |                           |                          |                |
| Secondary Market Guarantee Program .....                                      | .....                     | .....                    | 4,446          | .....                     | .....                    | 14,571         | .....                     | .....                    | 12,000         |
| <b>Total, secondary guaranteed loan commitments .....</b>                     | <b>N/A</b>                | <b>-840</b>              | <b>354,917</b> | <b>N/A</b>                | <b>2,216</b>             | <b>357,433</b> | <b>N/A</b>                | <b>1,916</b>             | <b>302,862</b> |

\* \$500,000 or less.

<sup>1</sup> Additional information on credit subsidy rates is available in the Federal Credit Supplement.

<sup>2</sup> Rate reflects notional estimate, and assumes borrowers pay fees to cover the subsidy cost. Estimates will be determined at the time of execution, and will reflect the terms of the contracts and other characteristics.

<sup>3</sup> Amounts reflect the TARP FHA Refinance Letter of Credit program. Subsidy costs for this program are calculated using the discount rate required by the FCRA, adjusted for market risks, as directed in legislation.

N/A = Not applicable.

**Table 23–6. SUMMARY OF FEDERAL DIRECT LOANS AND LOAN GUARANTEES<sup>1</sup>**  
(In billions of dollars)

|                                                           | Actual     |             |             |             |             |              |               |              | Estimate    |              |
|-----------------------------------------------------------|------------|-------------|-------------|-------------|-------------|--------------|---------------|--------------|-------------|--------------|
|                                                           | 2004       | 2005        | 2006        | 2007        | 2008        | 2009         | 2010          | 2011         | 2012        | 2013         |
| <b>Direct Loans:</b>                                      |            |             |             |             |             |              |               |              |             |              |
| Obligations .....                                         | 42.0       | 56.3        | 57.8        | 42.5        | 75.6        | 812.9        | 246.0         | 296.3        | 254.8       | 214.3        |
| Disbursements .....                                       | 38.7       | 50.6        | 46.6        | 41.7        | 41.1        | 669.4        | 218.9         | 186.7        | 232.5       | 193.9        |
| New subsidy budget authority <sup>2</sup> .....           | 0.4        | 2.1         | 4.7         | 1.4         | 3.7         | 140.1        | -9.2          | -15.7        | -22.8       | -33.4        |
| Reestimated subsidy budget authority <sup>2,3</sup> ..... | 2.6        | 3.8         | 3.1         | 3.4         | -0.8        | -0.1         | -125.1        | -66.8        | 17.9        | .....        |
| <b>Total subsidy budget authority .....</b>               | <b>3.0</b> | <b>6.0</b>  | <b>7.8</b>  | <b>4.8</b>  | <b>-1.3</b> | <b>140.0</b> | <b>-134.3</b> | <b>-82.5</b> | <b>-4.9</b> | <b>-33.4</b> |
| <b>Loan guarantees:</b>                                   |            |             |             |             |             |              |               |              |             |              |
| Commitments <sup>4</sup> .....                            | 300.6      | 248.5       | 280.7       | 270.2       | 367.7       | 879.2        | 507.3         | 446.7        | 475.1       | 447.0        |
| Lender disbursements <sup>4</sup> .....                   | 279.9      | 221.6       | 256.0       | 251.2       | 354.6       | 841.5        | 494.8         | 384.1        | 397.6       | 375.4        |
| New subsidy budget authority <sup>2</sup> .....           | 7.3        | 10.1        | 17.2        | 5.7         | -1.4        | -7.8         | -4.9          | -7.4         | -1.6        | -10.9        |
| Reestimated subsidy budget authority <sup>2,3</sup> ..... | 2.0        | 3.5         | 7.0         | -6.8        | 3.6         | 0.5          | 7.6           | -4.0         | -3.8        | .....        |
| <b>Total subsidy budget authority .....</b>               | <b>9.3</b> | <b>13.6</b> | <b>24.2</b> | <b>-1.1</b> | <b>2.2</b>  | <b>-7.2</b>  | <b>2.8</b>    | <b>-11.4</b> | <b>-5.4</b> | <b>-10.9</b> |

<sup>1</sup> Table includes equity purchases under the TARP and the Small Business Lending Fund, and IMF increases provided in the Supplemental Appropriations Act of 2009, as authorized by law.

<sup>2</sup> Credit subsidy costs for TARP and IMF transactions reflected here are calculated using the discount rate required under the FCRA, adjusted for market risks, as directed in legislation.

<sup>3</sup> Includes interest on reestimate.

<sup>4</sup> To avoid double-counting, totals exclude GNMA secondary guarantees of loans that are guaranteed by FHA, VA, and RHS, SBA's guarantee of 7(a) loans sold in the secondary market, and the TARP FHA Refinance Letter of Credit program.

Table 23-7. DIRECT LOAN WRITE-OFFS AND GUARANTEED LOAN TERMINATIONS FOR DEFAULTS

| Agency and Program                                                | In millions of dollars |               |               | As a percentage of outstanding loans <sup>1</sup> |               |               |
|-------------------------------------------------------------------|------------------------|---------------|---------------|---------------------------------------------------|---------------|---------------|
|                                                                   | 2011 Actual            | 2012 Estimate | 2013 Estimate | 2011 Actual                                       | 2012 Estimate | 2013 Estimate |
| <b>DIRECT LOAN WRITE-OFFS</b>                                     |                        |               |               |                                                   |               |               |
| Agriculture:                                                      |                        |               |               |                                                   |               |               |
| Agricultural Credit Insurance Fund .....                          | 42                     | 77            | 56            | 0.45                                              | 0.81          | 0.56          |
| Rural Business and Industry Program .....                         | .....                  | 1             | .....         | .....                                             | 4.00          | .....         |
| Rural Community Facilities .....                                  | 9                      | .....         | .....         | 0.23                                              | .....         | .....         |
| Rural Electrification and Telecommunications Fund .....           | .....                  | 31            | 27            | .....                                             | 1.19          | 1.18          |
| Rural Housing Insurance Fund .....                                | 45                     | 56            | 56            | 0.16                                              | 0.20          | 0.21          |
| Rural Water and Waste Disposal .....                              | 1                      | .....         | .....         | 0.01                                              | .....         | .....         |
| Commerce:                                                         |                        |               |               |                                                   |               |               |
| Economic Development Revolving Fund Liquidating Account .....     | .....                  | 1             | 1             | .....                                             | 20.00         | 33.33         |
| Defense—Military:                                                 |                        |               |               |                                                   |               |               |
| Family Housing Improvement Fund .....                             | .....                  | 1             | 2             | .....                                             | 0.09          | 0.15          |
| Housing and Urban Development:                                    |                        |               |               |                                                   |               |               |
| Emergency Homeowners' Relief .....                                | .....                  | 24            | 24            | .....                                             | 11.43         | 13.19         |
| Guarantees of Mortgage-Backed Securities .....                    | .....                  | 4             | 4             | .....                                             | 50.00         | 100.00        |
| International Assistance Programs:                                |                        |               |               |                                                   |               |               |
| Debt Reduction (Agency for International Development) .....       | 40                     | 41            | .....         | 4.06                                              | 5.17          | .....         |
| Overseas Private Investment Corporation .....                     | 9                      | 12            | 22            | 0.55                                              | 0.65          | 1.14          |
| Small Business Administration:                                    |                        |               |               |                                                   |               |               |
| Business Loans .....                                              | 7                      | 8             | 8             | 3.98                                              | 4.71          | 4.57          |
| Disaster Loans .....                                              | 207                    | 196           | 193           | 2.50                                              | 2.39          | 2.29          |
| Transportation:                                                   |                        |               |               |                                                   |               |               |
| Railroad Rehabilitation and Improvement Program .....             | .....                  | .....         | 1             | .....                                             | .....         | 0.06          |
| Treasury:                                                         |                        |               |               |                                                   |               |               |
| Community Development Financial Institutions Fund .....           | .....                  | 1             | 1             | .....                                             | 1.61          | 1.61          |
| Small Business Lending Fund <sup>2</sup> .....                    | .....                  | 18            | 23            | .....                                             | 0.45          | 0.65          |
| Troubled Asset Relief Program Equity Purchases <sup>2</sup> ..... | 47,628                 | 83            | .....         | 33.94                                             | 0.09          | .....         |
| Veterans Affairs:                                                 |                        |               |               |                                                   |               |               |
| Veterans Housing Benefit Program .....                            | 5                      | 21            | 11            | 0.55                                              | 1.16          | 0.56          |
| Other Independent Agencies:                                       |                        |               |               |                                                   |               |               |
| Debt Reduction (Export-Import Bank) .....                         | 724                    | .....         | .....         | 86.29                                             | .....         | .....         |
| Export-Import Bank .....                                          | 475                    | 10            | 10            | 4.72                                              | 0.12          | 0.13          |
| Spectrum Auction .....                                            | 43                     | 24            | 24            | 21.61                                             | 18.18         | 22.22         |
| <b>Total, direct loan write-offs .....</b>                        | <b>49,235</b>          | <b>609</b>    | <b>463</b>    | <b>21.85</b>                                      | <b>0.35</b>   | <b>0.29</b>   |
| <b>GUARANTEED LOAN TERMINATIONS FOR DEFAULT</b>                   |                        |               |               |                                                   |               |               |
| Agriculture:                                                      |                        |               |               |                                                   |               |               |
| Agricultural Credit Insurance Fund .....                          | 77                     | 78            | 78            | 0.52                                              | 0.50          | 0.48          |
| Biorefinery Assistance Guaranteed Loans .....                     | .....                  | 38            | 4             | .....                                             | 13.33         | 0.89          |
| Commodity Credit Corporation Export Loans .....                   | 179                    | 161           | 92            | 1.52                                              | 1.39          | 0.76          |
| Rural Business and Industry Program .....                         | 170                    | 210           | 242           | 2.27                                              | 2.63          | 2.98          |
| Rural Community Facility .....                                    | 8                      | 8             | 8             | 0.72                                              | 0.63          | 0.57          |
| Rural Energy for America Program .....                            | 2                      | 8             | 10            | 2.11                                              | 6.56          | 7.30          |
| Rural Housing Insurance Fund .....                                | 296                    | 403           | 500           | 0.46                                              | 0.47          | 0.50          |
| Defense—Military:                                                 |                        |               |               |                                                   |               |               |
| Family Housing Improvement Fund .....                             | .....                  | 5             | 5             | .....                                             | 1.12          | 1.15          |
| Education:                                                        |                        |               |               |                                                   |               |               |
| Federal Family Education Loans .....                              | 15,077                 | 8,237         | 7,175         | 3.86                                              | 2.51          | 2.80          |
| Health Education Assistance Loans <sup>3</sup> .....              | .....                  | .....         | 14            | .....                                             | .....         | 2.46          |

Table 23-7. DIRECT LOAN WRITE-OFFS AND GUARANTEED LOAN TERMINATIONS FOR DEFAULTS—Continued

| Agency and Program                                                                        | In millions of dollars |               |               | As a percentage of outstanding loans <sup>1</sup> |               |               |
|-------------------------------------------------------------------------------------------|------------------------|---------------|---------------|---------------------------------------------------|---------------|---------------|
|                                                                                           | 2011 Actual            | 2012 Estimate | 2013 Estimate | 2011 Actual                                       | 2012 Estimate | 2013 Estimate |
| Energy:                                                                                   |                        |               |               |                                                   |               |               |
| Title 17 Innovative Technology .....                                                      |                        | 6             | 5             |                                                   | 0.15          | 0.10          |
| Health and Human Services:                                                                |                        |               |               |                                                   |               |               |
| Health Education Assistance Loans <sup>3</sup> .....                                      | 18                     | 16            |               | 2.47                                              | 2.63          |               |
| Health Center Loan Guarantees .....                                                       |                        | 1             | 1             |                                                   | 1.08          | 1.09          |
| Housing and Urban Development:                                                            |                        |               |               |                                                   |               |               |
| FHA-General and Special Risk Insurance .....                                              | 1,828                  | 3,201         | 3,085         | 1.21                                              | 2.01          | 1.85          |
| FHA-Mutual Mortgage Insurance .....                                                       | 14,416                 | 32,920        | 29,526        | 1.27                                              | 2.59          | 2.17          |
| Home Ownership Preservation Equity Fund .....                                             |                        | 2             | 2             |                                                   | 1.67          | 1.72          |
| Indian Housing Loan Guarantee .....                                                       | 17                     | 19            | 16            | 0.75                                              | 0.75          | 0.47          |
| Native American Housing Block Grant .....                                                 |                        | 2             | 2             |                                                   | 1.41          | 1.31          |
| Interior:                                                                                 |                        |               |               |                                                   |               |               |
| Indian Guaranteed Loans .....                                                             | 3                      | 5             | 3             | 0.56                                              | 0.90          | 0.55          |
| International Assistance Programs:                                                        |                        |               |               |                                                   |               |               |
| Development Credit Authority .....                                                        | 1                      | 2             | 3             | 0.26                                              | 0.34          | 0.46          |
| Foreign Military Financing .....                                                          | 6                      | 3             | 1             | 0.87                                              | 0.68          | 0.51          |
| Housing and Other Credit Guaranty Programs .....                                          | 14                     | 4             | 4             | 2.04                                              | 0.69          | 0.78          |
| Overseas Private Investment Corporation .....                                             | 60                     | 94            | 72            | 0.89                                              | 1.43          | 1.00          |
| Urban and Environmental Credit Program .....                                              | 4                      | 4             | 4             | 1.48                                              | 1.62          | 1.79          |
| Small Business Administration:                                                            |                        |               |               |                                                   |               |               |
| Business Loans .....                                                                      | 4,166                  | 4,221         | 4,088         | 4.34                                              | 4.30          | 3.87          |
| Transportation:                                                                           |                        |               |               |                                                   |               |               |
| Maritime Guaranteed Loan (Title XI) Program .....                                         |                        | 41            | 36            |                                                   | 1.38          | 1.33          |
| Treasury:                                                                                 |                        |               |               |                                                   |               |               |
| Troubled Asset Relief Program, Home Affordable Modification .....                         |                        | 4             | 85            |                                                   | 0.01          | 0.08          |
| Veterans Affairs:                                                                         |                        |               |               |                                                   |               |               |
| Veterans Housing Benefit Program .....                                                    | 2,288                  | 2,085         | 2,185         | 0.77                                              | 0.65          | 0.60          |
| Other Independent Agencies:                                                               |                        |               |               |                                                   |               |               |
| Export-Import Bank .....                                                                  | 139                    | 202           | 193           | 0.22                                              | 0.29          | 0.23          |
| <b>Total, guaranteed loan terminations for default .....</b>                              | <b>38,769</b>          | <b>51,980</b> | <b>47,439</b> | <b>1.72</b>                                       | <b>2.13</b>   | <b>1.82</b>   |
| <b>Total, direct loan write-offs and guaranteed loan terminations .....</b>               | <b>88,004</b>          | <b>52,589</b> | <b>47,902</b> | <b>3.56</b>                                       | <b>2.01</b>   | <b>1.73</b>   |
| <b>ADDENDUM: WRITE-OFFS OF DEFAULTED GUARANTEED LOANS THAT RESULT IN LOANS RECEIVABLE</b> |                        |               |               |                                                   |               |               |
| Agriculture:                                                                              |                        |               |               |                                                   |               |               |
| Agricultural Credit Insurance Fund .....                                                  | 13                     | 10            | 10            | 10.08                                             | 7.19          | 6.58          |
| Rural Business and Industry Program .....                                                 | 69                     | 59            | 78            | 39.20                                             | 10.67         | 11.61         |
| Rural Housing Insurance Fund .....                                                        | 106                    | 108           | 126           | 20.00                                             | 16.74         | 15.87         |
| Commerce:                                                                                 |                        |               |               |                                                   |               |               |
| Federal Ship Financing Fund Fishing Vessels Liquidating Account .....                     | 4                      |               |               | 28.57                                             |               |               |
| Education:                                                                                |                        |               |               |                                                   |               |               |
| Federal Family Education Loans .....                                                      | 2,757                  | 2,644         | 2,349         | 6.08                                              | 6.11          | 5.91          |
| Health Education Assistance Loans <sup>3</sup> .....                                      |                        |               | 21            |                                                   |               | 6.05          |
| Health and Human Services:                                                                |                        |               |               |                                                   |               |               |
| Health Education Assistance Loans <sup>3</sup> .....                                      | 22                     | 21            |               | 3.88                                              | 3.82          |               |
| Housing and Urban Development:                                                            |                        |               |               |                                                   |               |               |
| FHA-General and Special Risk Insurance .....                                              | 509                    | 590           | 590           | 9.41                                              | 9.86          | 9.13          |
| FHA-Mutual Mortgage Insurance .....                                                       | 364                    | 838           | 838           | 23.73                                             | 44.86         | 54.77         |
| Interior:                                                                                 |                        |               |               |                                                   |               |               |
| Indian Guaranteed Loans .....                                                             | 8                      |               |               | 40.00                                             |               |               |
| International Assistance Programs:                                                        |                        |               |               |                                                   |               |               |
| Housing and Other Credit Guaranty Program .....                                           |                        | 1             |               |                                                   | 0.14          |               |
| Overseas Private Investment Corporation .....                                             | 9                      | 10            | 10            | 4.81                                              | 3.91          | 3.55          |

**Table 23–7. DIRECT LOAN WRITE-OFFS AND GUARANTEED LOAN TERMINATIONS FOR DEFAULTS—Continued**

| Agency and Program                                         | In millions of dollars |                  |                  | As a percentage of outstanding loans <sup>1</sup> |                  |                  |
|------------------------------------------------------------|------------------------|------------------|------------------|---------------------------------------------------|------------------|------------------|
|                                                            | 2011<br>Actual         | 2012<br>Estimate | 2013<br>Estimate | 2011<br>Actual                                    | 2012<br>Estimate | 2013<br>Estimate |
| Small Business Administration:                             |                        |                  |                  |                                                   |                  |                  |
| Business Loans .....                                       | 2,200                  | 2,337            | 2,386            | 18.69                                             | 18.71            | 18.73            |
| Pollution Control Equipment Fund Liquidating Account ..... | 10                     | .....            | .....            | 100.00                                            | .....            | .....            |
| Veterans Affairs:                                          |                        |                  |                  |                                                   |                  |                  |
| Veterans Housing Benefit Program .....                     | 4                      | 3                | 2                | 19.05                                             | 18.75            | 18.18            |
| <b>Total, write-offs of loans receivable .....</b>         | <b>6,075</b>           | <b>6,621</b>     | <b>6,410</b>     | <b>9.21</b>                                       | <b>9.95</b>      | <b>10.01</b>     |

<sup>1</sup> Loans outstanding at start of year plus new disbursements.

<sup>2</sup> Equity purchases under the TARP and the Small Business Lending Fund are reflected here as authorized by law.

<sup>3</sup> The Budget reflects the proposal to transfer the HEAL Loan Guarantee program from the Department of Health and Human Services to the Department of Education.

**Table 23–8. APPROPRIATIONS ACTS LIMITATIONS ON CREDIT LOAN LEVELS <sup>1</sup>**  
(In millions of dollars)

| Agency and Program                                                                              | 2011 Actual    | 2012 Actual    | 2013 Estimate  |
|-------------------------------------------------------------------------------------------------|----------------|----------------|----------------|
| <b>DIRECT LOAN OBLIGATIONS</b>                                                                  |                |                |                |
| Agriculture:                                                                                    |                |                |                |
| Agricultural Credit Insurance Fund Direct Loan Financing Account .....                          | 1,677          | 1,637          | 1,632          |
| Distance Learning, Telemedicine, and Broadband Direct Loan Financing Account .....              | 37             | 736            | 94             |
| Rural Economic Development Direct Loan Financing Account .....                                  | 29             | 79             | 33             |
| Commerce:                                                                                       |                |                |                |
| Fisheries Finance Direct Loan Financing Account .....                                           | 68             | 115            | 83             |
| Education:                                                                                      |                |                |                |
| Historically Black College and University Capital Financing Direct Loan Financing Account ..... | 178            | 368            | 320            |
| Homeland Security:                                                                              |                |                |                |
| Disaster Assistance Direct Loan Financing Account .....                                         | 25             | 25             | 25             |
| Housing and Urban Development:                                                                  |                |                |                |
| FHA-General and Special Risk Direct Loan Financing Account .....                                | 20             | 20             | 20             |
| FHA-Mutual Mortgage Insurance Direct Loan Financing Account .....                               | 50             | 50             | 50             |
| Emergency Homeowners' Relief Financing Account .....                                            | 210            | .....          | .....          |
| Treasury:                                                                                       |                |                |                |
| Community Development Financial Institutions Fund Direct Loan Financing Account .....           | .....          | 25             | 1,025          |
| Veterans Affairs:                                                                               |                |                |                |
| Vocational Rehabilitation Direct Loan Financing Account .....                                   | 2              | 3              | 3              |
| International Assistance Programs:                                                              |                |                |                |
| Development Credit Authority Direct Loan Financing Account .....                                | .....          | .....          | 10             |
| Small Business Administration:                                                                  |                |                |                |
| Business Direct Loan Financing Account .....                                                    | 20             | 20             | .....          |
| <b>Total, limitations on direct loan obligations .....</b>                                      | <b>2,316</b>   | <b>3,078</b>   | <b>8,032</b>   |
| <b>LOAN GUARANTEE COMMITMENTS</b>                                                               |                |                |                |
| Agriculture:                                                                                    |                |                |                |
| Agricultural Credit Insurance Fund Guaranteed Loan Financing Account .....                      | 3,143          | 3,150          | 3,150          |
| Commerce:                                                                                       |                |                |                |
| Economic Development Assistance Programs Financing Account .....                                | .....          | 70             | 39             |
| Housing and Urban Development:                                                                  |                |                |                |
| Indian Housing Loan Guarantee Fund Financing Account .....                                      | 752            | 360            | 900            |
| Title VI Indian Federal Guarantees Financing Account .....                                      | 19             | 20             | 18             |
| Native Hawaiian Housing Loan Guarantee Fund Financing Account .....                             | 42             | 33             | 38             |
| Community Development Loan Guarantees Financing Account .....                                   | 275            | 240            | 500            |
| FHA-General and Special Risk Guaranteed Loan Financing Account .....                            | 20,000         | 25,000         | 25,000         |
| FHA-Mutual Mortgage Insurance Guaranteed Loan Financing Account .....                           | 400,000        | 400,000        | 400,000        |
| Interior:                                                                                       |                |                |                |
| Indian Guaranteed Loan Financing Account .....                                                  | 84             | 73             | 73             |
| Transportation:                                                                                 |                |                |                |
| Minority Business Resource Center Guaranteed Loan Financing Account .....                       | 18             | 18             | 22             |
| International Assistance Programs:                                                              |                |                |                |
| Development Credit Authority Guaranteed Loan Financing Account .....                            | 700            | 750            | 750            |
| Small Business Administration:                                                                  |                |                |                |
| Business Guaranteed Loan Financing Account <sup>2</sup> .....                                   | 26,540         | 47,064         | 34,650         |
| <b>Total, limitations on loan guarantee commitments .....</b>                                   | <b>451,573</b> | <b>476,778</b> | <b>465,140</b> |
| <b>ADDENDUM: SECONDARY GUARANTEED LOAN COMMITMENT LIMITATIONS</b>                               |                |                |                |
| Housing and Urban Development:                                                                  |                |                |                |
| Guarantees of Mortgage-Backed Securities Financing Account .....                                | 500,000        | 500,000        | 500,000        |
| Small Business Administration:                                                                  |                |                |                |
| Business Guaranteed Loan Financing Account .....                                                | 12,000         | 12,000         | 12,000         |
| <b>Total, limitations on secondary guaranteed loan commitments .....</b>                        | <b>512,000</b> | <b>512,000</b> | <b>512,000</b> |

<sup>1</sup> Data represent loan level limitations enacted or proposed to be enacted in appropriation acts. For information on actual and estimated loan levels supportable by new subsidy budget authority requested, see Tables 23–4 and 23–5.

<sup>2</sup> Amounts reflect the maximum contingent liability for SBA revolving credit facilities.



**Table 23–9. FACE VALUE OF GOVERNMENT-SPONSORED LENDING <sup>1</sup>**  
(In billions of dollars)

|                                          | Outstanding  |              |
|------------------------------------------|--------------|--------------|
|                                          | 2010         | 2011         |
| <b>Government-Sponsored Enterprises:</b> |              |              |
| Fannie Mae <sup>2</sup> .....            | 3,183        | 3,267        |
| Freddie Mac <sup>3</sup> .....           | 2,061        | 1,963        |
| Federal Home Loan Banks .....            | 500          | 415          |
| Farm Credit System .....                 | 166          | 167          |
| <b>Total</b> .....                       | <b>5,909</b> | <b>5,812</b> |

<sup>1</sup> New originations including issuance of securities and investment portfolio purchases, net of purchases of federally-guaranteed loans.

<sup>2</sup> Data for Fannie Mae are net of purchases of federally-guaranteed loans and Freddie Mac issuances, as reported by the FHFA.

<sup>3</sup> Data for Freddie Mac are net of purchases of federally-guaranteed loans and Fannie Mae issuances, as reported by the FHFA.

**Table 23-10. LENDING AND BORROWING BY GOVERNMENT-SPONSORED ENTERPRISES (GSEs) <sup>1</sup>**

(In millions of dollars)

| Enterprise                                                              | 2011      |
|-------------------------------------------------------------------------|-----------|
| <b>LENDING</b>                                                          |           |
| Federal National Mortgage Association:                                  |           |
| Portfolio programs:                                                     |           |
| Net change .....                                                        | -80,693   |
| Outstandings .....                                                      | 722,158   |
| Mortgage-backed securities:                                             |           |
| Net change .....                                                        | 162,555   |
| Outstandings .....                                                      | 2,567,555 |
| Federal Home Loan Mortgage Corporation:                                 |           |
| Portfolio programs:                                                     |           |
| Net change .....                                                        | -73,923   |
| Outstandings .....                                                      | 710,248   |
| Mortgage-backed securities:                                             |           |
| Net change .....                                                        | 48,785    |
| Outstandings .....                                                      | 1,498,273 |
| Farm Credit System:                                                     |           |
| Agricultural credit bank:                                               |           |
| Net change .....                                                        | -1,439    |
| Outstandings .....                                                      | 45,028    |
| Farm credit banks:                                                      |           |
| Net change .....                                                        | 1,458     |
| Outstandings .....                                                      | 109,778   |
| Federal Agricultural Mortgage Corporation:                              |           |
| Net change .....                                                        | 365       |
| Outstandings .....                                                      | 11,841    |
| Federal Home Loan Banks:                                                |           |
| Net change .....                                                        | -93,316   |
| Outstandings .....                                                      | 470,665   |
| Less federally-guaranteed loans purchased by:                           |           |
| Federal National Mortgage Association:                                  |           |
| Net change .....                                                        | 21,098    |
| Outstandings .....                                                      | 75,430    |
| Federal Home Loan Mortgage Corporation:                                 |           |
| Net change .....                                                        | -1,556    |
| Outstandings .....                                                      | 4,211     |
| Federal Home Loan Banks:                                                |           |
| Net change .....                                                        | 3,146     |
| Outstandings .....                                                      | 10,112    |
| Other:                                                                  |           |
| Net change .....                                                        | N/A       |
| Outstandings .....                                                      | N/A       |
| Less purchase of mortgage securities issued by other GSEs: <sup>2</sup> |           |
| Net change .....                                                        | -46,440   |
| Outstandings .....                                                      | 113,020   |
| <b>BORROWING</b>                                                        |           |
| Federal National Mortgage Association:                                  |           |
| Portfolio programs:                                                     |           |
| Net change .....                                                        | -92,037   |
| Outstandings .....                                                      | 738,173   |
| Mortgage-backed securities:                                             |           |

**Table 23-10. LENDING AND BORROWING BY GOVERNMENT-SPONSORED ENTERPRISES (GSEs) <sup>1</sup>—Continued**

(In millions of dollars)

| Enterprise                                                                        | 2011      |
|-----------------------------------------------------------------------------------|-----------|
| Net change .....                                                                  | 162,555   |
| Outstandings .....                                                                | 2,567,555 |
| Federal Home Loan Mortgage Corporation:                                           |           |
| Portfolio programs:                                                               |           |
| Net change .....                                                                  | -52,633   |
| Outstandings .....                                                                | 689,918   |
| Mortgage-backed securities:                                                       |           |
| Net change .....                                                                  | 48,785    |
| Outstandings .....                                                                | 1,498,273 |
| Farm Credit System:                                                               |           |
| Agricultural credit bank:                                                         |           |
| Net change .....                                                                  | 1,980     |
| Outstandings .....                                                                | 56,295    |
| Farm credit banks:                                                                |           |
| Net change .....                                                                  | 2,404     |
| Outstandings .....                                                                | 130,979   |
| Federal Agricultural Mortgage Corporation:                                        |           |
| Net change .....                                                                  | 3,131     |
| Outstandings .....                                                                | 10,606    |
| Federal Home Loan Banks: <sup>3</sup>                                             |           |
| Net change .....                                                                  | -111,140  |
| Outstandings .....                                                                | 702,798   |
| <b>DEDUCTIONS <sup>4</sup></b>                                                    |           |
| Less borrowing from other GSEs:                                                   |           |
| Net change .....                                                                  | N/A       |
| Outstandings .....                                                                | N/A       |
| Less purchase of Federal debt securities:                                         |           |
| Net change .....                                                                  | N/A       |
| Outstandings .....                                                                | N/A       |
| Less borrowing to purchase federally-guaranteed loans and securities:             |           |
| Net change .....                                                                  | 22,688    |
| Outstandings .....                                                                | 89,753    |
| Less borrowing to purchase mortgage securities issued by other GSEs: <sup>2</sup> |           |
| Net change .....                                                                  | -46,440   |
| Outstandings .....                                                                | 113,020   |

N/A = Not available.

<sup>1</sup> Data do not reflect an official view of future GSE activity, nor are the data reviewed by the President. The data for all years include programs of mortgage-backed securities. In cases where a GSE owns securities issued by the same GSE, including mortgage-backed securities, the borrowing and lending data for that GSE are adjusted to remove double-counting. Data for Fannie Mae, Freddie Mac, and the Federal Home Loan Banks as reported by the FHFA.

<sup>2</sup> Includes Fannie Mae securities purchased by Freddie Mac and the Federal Home Loan Banks, and Freddie Mac securities purchased by Fannie Mae and the Federal Home Loan Banks.

<sup>3</sup> The net change in borrowings is derived from a year-over-year comparison of borrowings in the Federal Home Loan Banks' audited financial statements.

<sup>4</sup> Where totals and subtotals have not been calculated, a portion of the total is unavailable.



## 24. HOMELAND SECURITY FUNDING ANALYSIS

Section 889 of the Homeland Security Act of 2002 requires that a homeland security funding analysis be incorporated in the President's Budget. This analysis addresses that legislative requirement, and covers homeland security funding and activities of all Federal agencies, not just those carried out by the Department of Homeland Security (DHS). Since not all activities carried out by DHS

constitute traditional homeland security funding (e.g. response to natural disasters and Coast Guard search and rescue activities), DHS estimates in this section do not encompass the entire DHS budget. As also required in the Homeland Security Act of 2002, this analysis includes estimates of State, local, and private sector expenditures on homeland security activities.

**Table 24-1. HOMELAND SECURITY FUNDING BY AGENCY**  
(Budget authority in millions of dollars)

| Agency                                                          | 2011<br>Actual   | 2011<br>Supplemental/<br>Emergency | 2012<br>Enacted | 2013<br>Request |
|-----------------------------------------------------------------|------------------|------------------------------------|-----------------|-----------------|
| 1 Department of Agriculture .....                               | 580.0            | .....                              | 570.1           | 551.4           |
| 2 Department of Commerce .....                                  | 261.9            | .....                              | 289.6           | 304.1           |
| 3 Department of Defense .....                                   | 16,993.5         | .....                              | 17,358.4        | 17,955.1        |
| 4 Department of Education .....                                 | 30.0             | .....                              | 30.9            | 35.5            |
| 5 Department of Energy .....                                    | 1,994.3          | .....                              | 1,923.3         | 1,874.7         |
| 6 Department of Health and Human Services .....                 | 4,181.5          | .....                              | 4,146.8         | 4,112.2         |
| 7 Department of Homeland Security .....                         | 34,900.8         | .....                              | 35,124.7        | 35,533.7        |
| 8 Department of Housing and Urban Development .....             | 3.0              | .....                              | 3.0             | 3.0             |
| 9 Department of the Interior .....                              | 57.7             | .....                              | 57.6            | 56.7            |
| 10 Department of Justice .....                                  | 3,965.8          | .....                              | 4,055.4         | 3,992.8         |
| 11 Department of Labor .....                                    | 42.5             | .....                              | 46.3            | 36.6            |
| 12 Department of State .....                                    | 1,949.1          | .....                              | 2,283.4         | 2,353.8         |
| 13 Department of Transportation .....                           | 242.7            | .....                              | 246.6           | 243.3           |
| 14 Department of the Treasury .....                             | 125.8            | .....                              | 123.0           | 121.1           |
| 15 Department of Veterans Affairs .....                         | 413.1            | .....                              | 394.5           | 383.7           |
| 16 Corps of Engineers .....                                     | 35.5             | .....                              | 35.5            | 35.5            |
| 17 Environmental Protection Agency .....                        | 108.1            | .....                              | 101.8           | 102.6           |
| 18 Executive Office of the President .....                      | 9.4              | .....                              | 10.4            | 11.0            |
| 19 General Services Administration .....                        | 19.0             | .....                              | 38.0            | 59.0            |
| 20 National Aeronautics and Space Administration .....          | 228.0            | .....                              | 228.9           | 216.1           |
| 21 National Science Foundation .....                            | 386.0            | .....                              | 443.9           | 425.9           |
| 22 Office of Personnel Management .....                         | 1.8              | .....                              | 1.3             | 0.6             |
| 23 Social Security Administration .....                         | 212.5            | .....                              | 234.3           | 252.1           |
| 24 District of Columbia .....                                   | 15.0             | .....                              | 15.0            | 25.0            |
| 25 Federal Communications Commission .....                      | 2.6              | .....                              | .....           | 1.7             |
| 26 Intelligence Community Management Account* .....             | 13.3             | .....                              | 8.8             | .....           |
| 27 National Archives and Records Administration .....           | 22.4             | .....                              | 22.6            | 22.5            |
| 28 Nuclear Regulatory Commission .....                          | 72.9             | .....                              | 78.4            | 76.6            |
| 29 Securities and Exchange Commission .....                     | 6.0              | .....                              | 8.0             | 8.0             |
| 30 Smithsonian Institution .....                                | 98.4             | .....                              | 97.0            | 100.1           |
| 31 United States Holocaust Memorial Museum .....                | 10.0             | .....                              | 11.0            | 11.0            |
| <b>Total, Homeland Security Budget Authority .....</b>          | <b>66,982.58</b> | <b>.....</b>                       | <b>67,988.0</b> | <b>68,905.2</b> |
| Less Department of Defense .....                                | -16,993.5        | .....                              | -17,358.4       | -17,955.1       |
| <b>Non-Defense Homeland Security BA .....</b>                   | <b>49,989.1</b>  | <b>.....</b>                       | <b>50,629.7</b> | <b>50,950.1</b> |
| Less Fee-Funded Homeland Security Programs .....                | -5,386.7         | .....                              | -5,832.8        | -5,968.9        |
| Less Mandatory Homeland Security Programs .....                 | -2,926.4         | .....                              | -3,096.5        | -3,115.8        |
| <b>Net Non-Defense Discretionary Homeland Security BA .....</b> | <b>41,676.0</b>  | <b>.....</b>                       | <b>41,700.3</b> | <b>41,865.4</b> |

\* Funding for the Intelligence Community Management Account was moved under DoD beginning in 2013.

The President's highest priority is to keep the American people safe. Homeland security budgetary priorities will continue to be informed by careful, government-wide strategic analysis and review.

### Data Collection Methodology and Adjustments

The Federal spending estimates in this analysis utilize funding and programmatic information collected on the Executive Branch's homeland security efforts. Throughout the budget formulation process, the Office of Management and Budget (OMB) collects three-year funding estimates and associated programmatic information from all Federal agencies with homeland security responsibilities. These estimates do not include the efforts of the Legislative or Judicial branches. Information in this chapter is augmented by a detailed appendix of account-level funding estimates, which is available on the *Analytical Perspectives* CD-ROM.

To compile this data, agencies report information using standardized definitions for homeland security. The data provided by the agencies are developed at the "activity level," which incorporates a set of like programs or projects, at a level of detail sufficient to consolidate the information to determine total Governmental spending on homeland security.

To the extent possible, this analysis maintains programmatic and funding consistency with previous estimates. Some discrepancies from data reported in earlier years arise due to agencies' improved ability to extract homeland security-related activities from host programs and refine their characterizations. As in the Budget, where appropriate, the data is also updated to reflect agency activities, Congressional action, and technical re-estimates. In addition, the Administration may refine definitions or mission area estimates over time based on additional analysis or changes in the way specific activities are characterized, aggregated, or disaggregated.

### Federal Expenditures

Total funding for homeland security has grown significantly since the attacks of September 11, 2001. For 2013, the President's Budget includes \$68.9 billion of gross bud-

get authority for homeland security activities, a \$917 million (1 percent) increase above the 2012 enacted appropriations level. Excluding mandatory spending, fees, and the Department of Defense's (DOD) homeland security budget, the 2013 Budget proposes a net, non-Defense, discretionary budget authority level of \$41.9 billion, which is an increase of \$165 million (0.4 percent) above the 2012 enacted appropriations level (see Table XX-1).

A total of 31 agency budgets include Federal homeland security funding in 2013. Six agencies—the Departments of Homeland Security, Defense, Health and Human Services (HHS), Justice (DOJ), State (DOS), and Energy (DOE)—account for approximately \$65.8 billion (96 percent) of total Government-wide gross discretionary homeland security funding in 2012.

As required by the Homeland Security Act, this analysis presents homeland security risk and spending in three broad categories: Prevent and Disrupt Terrorist Attacks; Protect the American People, Our Critical Infrastructure, and Key Resources; and Respond To and Recover From Incidents.

### Prevent and Disrupt Terrorist Attacks

Activities in the areas of intelligence-and-warning and domestic counterterrorism aim to disrupt the ability of terrorists to operate within our borders and prevent the emergence of violent radicalization. Intelligence-and-warning funding covers activities designed to detect terrorist activity before it manifests itself in an attack so that proper preemptive, preventive, and protective action can be taken. Specifically, it is made up of efforts to identify, collect, analyze, and distribute source intelligence information or the resulting warnings from intelligence analysis. It also includes information sharing activities among Federal, State, and local governments, relevant private sector entities, and the public at large; it does not include most foreign intelligence collection, although the resulting intelligence may inform homeland security activities. In 2013, funding for intelligence-and-warning is distributed between DHS (48 percent), primarily in the

**Table 24-2. PREVENT AND DISRUPT TERRORIST ATTACKS**  
(Budget authority in millions of dollars)

| Agency                                                    | 2011 Actual     | 2011 Supplemental/ Emergency | 2012 Enacted    | 2013 Request    |
|-----------------------------------------------------------|-----------------|------------------------------|-----------------|-----------------|
| Department of Agriculture .....                           | 255.7           | .....                        | 248.6           | 247.0           |
| Department of Commerce .....                              | 4.5             | .....                        | 3.9             | 3.7             |
| Department of Energy .....                                | .....           | .....                        | .....           | .....           |
| Department of Homeland Security .....                     | 27,156.0        | .....                        | 28,011.5        | 27,103.5        |
| Department of the Interior .....                          | 0.3             | .....                        | 0.4             | 0.4             |
| Department of Justice .....                               | 3,334.3         | .....                        | 3,426.0         | 3,459.5         |
| Department of Labor .....                                 | 0.4             | .....                        | 0.4             | .....           |
| Department of State .....                                 | 1,914.0         | .....                        | 2,240.1         | 2,310.0         |
| Department of Transportation .....                        | 40.7            | .....                        | 43.3            | 42.3            |
| Department of the Treasury .....                          | 75.2            | .....                        | 71.4            | 70.6            |
| General Services Administration .....                     | .....           | .....                        | .....           | .....           |
| <b>Total, Prevent and Disrupt Terrorist Attacks .....</b> | <b>32,781.0</b> | <b>.....</b>                 | <b>34,045.5</b> | <b>33,236.9</b> |

Office of Intelligence and Analysis; and DOJ (43 percent), primarily in the Federal Bureau of Investigation (FBI). The 2013 funding for intelligence and warning activities is 1 percent below the 2012 enacted appropriations level.

Activities to deny terrorists and terrorist-related weapons and materials entry into our country and across all international borders include measures to protect border and transportation systems, such as screening airport passengers, detecting dangerous materials at ports overseas and at U.S. ports-of-entry, and patrolling our coasts and the land between ports-of-entry. Securing our borders and transportation systems is a complex task. Security enhancements in one area may make another avenue more attractive to terrorists. Therefore, our border and transportation security strategy aims to make the U.S. borders “smarter” while facilitating the flow of legitimate visitors and commerce. Government programs do this by targeting layered resources toward the highest risks and sharing information so that frontline personnel can stay ahead of potential adversaries. The majority of funding for border and transportation security (\$24.6 billion, or 91 percent, in 2013) is in DHS, largely for the U.S. Customs and Border Protection (CBP), the Transportation Security Administration (TSA), and the U.S. Coast Guard. Other DHS bureaus and other Federal Departments, such as the Department of State, also play a significant role. Many of these activities support the Obama Administration’s emphasis on reducing the illicit flow of drugs, currency, weapons, and people across our borders as well as targeting transnational criminal organizations operating along the Southwest border and elsewhere. The President’s 2013 request would reduce funding for border and transportation security activities by 2 percent from the 2012 enacted appropriations level.

Funding for domestic counterterrorism contains Federal and Federally-supported efforts to identify, thwart, and prosecute terrorists in the United States. It also includes pursuit not only of the individuals directly

involved in terrorist activity, but also their sources of support: the people and organizations that knowingly fund the terrorists and those that provide them with logistical assistance. In today’s world, preventing and interdicting terrorist activity within the United States is a priority for law enforcement at all levels of government. The largest contributors to the domestic counterterrorism goal are law enforcement organizations, with DOJ (largely for the FBI) and DHS (largely for ICE) accounting for 58 and 40 percent of funding for 2013, respectively.

**Protect the American People, Our Critical Infrastructure, and Key Resources**

Critical infrastructure includes the assets, systems, and networks, whether physical or virtual, so vital to the United States that their destruction would have a debilitating effect on national economic or homeland security, public health or safety, or any combination thereof. Key resources are publicly or privately controlled resources essential to the minimal operations of the economy and government whose disruption or destruction could have significant consequences across multiple dimensions, including national monuments and icons.

Efforts to protect the American people include defending against catastrophic threats through research, development, and deployment of technologies, systems, and medical measures to detect and counter the threat of chemical, biological, radiological, and nuclear (CBRN) weapons. Funding encompasses activities to protect against, detect, deter, or mitigate the possible terrorist use of CBRN weapons through detection systems and procedures, improving decontamination techniques, and the development of medical countermeasures, such as vaccines, drugs and diagnostics to protect the public from the threat of a CBRN attack or other public health emergency. The agencies with the most significant resources to help develop and field technologies to counter CBRN threats

**Table 24–3. PROTECT THE AMERICAN PEOPLE, OUR CRITICAL INFRASTRUCTURE, AND KEY RESOURCES**

(Budget authority in millions of dollars)

| Agency                                                                                          | 2011 Actual     | 2011 Supplemental/ Emergency | 2012 Enacted    | 2013 Request    |
|-------------------------------------------------------------------------------------------------|-----------------|------------------------------|-----------------|-----------------|
| Department of Agriculture .....                                                                 | 268.9           | .....                        | 269.1           | 253.8           |
| Department of Commerce .....                                                                    | 203.2           | .....                        | 242.6           | 245.3           |
| Department of Defense .....                                                                     | 15,944.4        | .....                        | 16,176.0        | 16,690.8        |
| Department of Energy .....                                                                      | 1,763.8         | .....                        | 1,709.4         | 1,634.2         |
| Department of Health and Human Services .....                                                   | 2,210.9         | .....                        | 2,154.3         | 2,337.4         |
| Department of Homeland Security .....                                                           | 5,197.2         | .....                        | 5,310.1         | 5,759.1         |
| Department of Justice .....                                                                     | 619.5           | .....                        | 617.3           | 521.2           |
| Department of Veterans Affairs .....                                                            | 337.3           | .....                        | 325.4           | 319.4           |
| National Aeronautics and Space Administration .....                                             | 228.0           | .....                        | 228.9           | 216.1           |
| National Science Foundation .....                                                               | 386.0           | .....                        | 443.9           | 425.9           |
| Social Security Administration .....                                                            | 212.0           | .....                        | 233.8           | 251.6           |
| Other Agencies .....                                                                            | 635.9           | .....                        | 661.7           | 676.0           |
| <b>Total, Protect the American People, Our Critical Infrastructure, and Key Resources .....</b> | <b>28,007.1</b> | <b>.....</b>                 | <b>28,372.4</b> | <b>29,331.0</b> |

are: HHS, largely for research at the National Institutes of Health (NIH) and for advanced development of medical countermeasures (\$2.2 billion, or 41 percent, of the 2013 total); DOD (\$1.4 billion, or 26 percent, of the 2013 total); and DHS (\$1.2 billion, or 23 percent, of the 2013 total).

Protecting the Nation's critical infrastructure and key resources (CI/KR) is a complex challenge for two reasons: (1) the diversity of infrastructure and (2) the high level of private ownership of the Nation's critical infrastructure and key assets. Efforts to protect CI/KR include unifying disparate efforts to protect critical infrastructure across the Federal Government and with State, local, and private stakeholders; accurately assessing CI/KR and prioritizing protective action based on risk; and reducing threats and vulnerabilities in cyberspace. In fact, securing our cyberspace is a top priority of the Obama Administration both to protect Americans and our way of life and as a foundation for continuing to grow the Nation's economy. DOD continues to report the largest share of funding in this category for 2013 (\$15.3 billion, or 64 percent), which includes programs focusing on physical security and improving the military's ability to prevent or mitigate the consequences of attacks against departmental personnel and facilities. DHS has overall responsibility for prioritizing and executing infrastructure protection activities at the national level and accounts for \$4.5 billion (19 percent) of 2013 funding. Another 25 agencies also report

funding to protect their own assets and work with States, localities, and the private sector to reduce vulnerabilities in their areas of expertise.

The President's 2013 request increases funding for activities to protect the Nation's people, critical infrastructure and key resources by \$959 million, or 3 percent.

### Respond To and Recover From Incidents

The ability to respond to and recover from incidents requires efforts to bolster capabilities nationwide to prevent and protect against terrorist attacks, and also minimize the damage from attacks through effective response and recovery. This includes programs that help to plan, equip, train, and practice the capabilities of many different response units (including first responders, such as police officers, firefighters, emergency medical providers, public works personnel, and emergency management officials) that are instrumental in their preparedness to mobilize without warning for an emergency. Building this capability encompasses a broad range of agency incident management activities, as well as grants and other assistance to States and localities for first responder preparedness capabilities. Response to natural disasters and other major incidents, including catastrophic natural events such as Hurricane Katrina and chemical or oil spills, like Deepwater Horizon, do not directly fall within the defini-

**Table 24-4 RESPOND TO AND RECOVER FROM INCIDENTS**

(Budget authority in millions of dollars)

| Agency                                                    | 2011 Actual    | 2011 Supplemental/ Emergency | 2012 Enacted   | 2013 Request   |
|-----------------------------------------------------------|----------------|------------------------------|----------------|----------------|
| Department of Agriculture .....                           | 55.5           | .....                        | 52.4           | 50.6           |
| Department of Commerce .....                              | 54.3           | .....                        | 43.1           | 55.1           |
| Department of Defense .....                               | 1,049.1        | .....                        | 1,182.4        | 1,264.3        |
| Department of Education .....                             | 1.3            | .....                        | 1.2            | 1.2            |
| Department of Energy .....                                | 230.5          | .....                        | 213.9          | 240.5          |
| Department of Health and Human Services .....             | 1,970.5        | .....                        | 1,992.5        | 1,774.7        |
| Department of Homeland Security .....                     | 2,547.7        | .....                        | 2,044.6        | 2,671.0        |
| Department of Housing and Urban Development .....         | 3.0            | .....                        | 3.0            | 3.0            |
| Department of the Interior .....                          | 4.1            | .....                        | 4.4            | 4.4            |
| Department of Justice .....                               | 12.0           | .....                        | 12.1           | 12.1           |
| Department of Labor .....                                 | 16.9           | .....                        | 17.4           | 17.6           |
| Department of State .....                                 | 17.2           | .....                        | 25.4           | 25.8           |
| Department of Transportation .....                        | 24.2           | .....                        | 21.6           | 22.4           |
| Department of the Treasury .....                          | 34.7           | .....                        | 35.9           | 35.9           |
| Department of Veterans Affairs .....                      | 75.8           | .....                        | 69.1           | 64.3           |
| Environmental Protection Agency .....                     | 53.4           | .....                        | 53.6           | 53.6           |
| Executive Office of the President .....                   | 4.2            | .....                        | 5.2            | 4.1            |
| General Services Administration .....                     | 3.0            | .....                        | 3.0            | 3.0            |
| Office of Personnel Management .....                      | 0.6            | .....                        | 0.4            | 0.2            |
| Social Security Administration .....                      | 0.4            | .....                        | 0.5            | 0.5            |
| District of Columbia .....                                | 15.0           | .....                        | 15.0           | 25.0           |
| Federal Communications Commission .....                   | 2.6            | .....                        | .....          | 1.7            |
| Intelligence Community Management Account* .....          | 13.3           | .....                        | 8.8            | .....          |
| National Archives and Records Administration .....        | 1.3            | .....                        | 1.3            | 1.3            |
| Securities and Exchange Commission .....                  | 4.0            | .....                        | 5.0            | 5.0            |
| <b>Total, Respond To and Recover From Incidents .....</b> | <b>6,194.6</b> | <b>.....</b>                 | <b>5,811.7</b> | <b>6,337.3</b> |

\* Funding for the Intelligence Community Management Account was moved under DoD beginning in 2013.



tion of a homeland security activity for funding purposes, as defined by section 889 of the Homeland Security Act of 2002. Preparing for terrorism-related threats includes many activities that also support preparedness for catastrophic natural and man-made disasters, however. Additionally, lessons learned from the response to Hurricane Katrina have been used to revise and strengthen catastrophic response planning. The agencies with the most significant participation in this effort are: DHS (\$2.7 billion, or 42 percent, of the 2013 total); and HHS (\$1.8 billion, or 28 percent, of the 2013 total). Twenty-three other agencies include emergency preparedness and response funding. The President's 2013 request would increase funding by \$526 million (9 percent) above the 2012 enacted appropriations level.

### Continue to Strengthen the Homeland Security Foundation

Preventing and disrupting terrorist attacks; protecting the American people, critical infrastructure, and key resources; and responding to and recovering from incidents that do occur are enduring homeland security responsibilities. For the long-term fulfillment of these responsibilities it is necessary to continue to strengthen the principles, systems, structures, and institutions that cut across the homeland security enterprise and support our activities to secure the Nation. Long-term success across several cross-cutting areas is essential to protect the United States. In addition, an all-of-Nation integration of effort and the leveraging of resources that exist in local communities, as manifest in the Obama Administration's "Whole of Community" initiative, for example, are essential to effective preparedness and incident response capabilities. While these areas are not quantifiable in terms of budget figures, they are important elements in the management and budgeting processes. As the Administration sets priorities and determines funding for new and existing homeland security programs, consideration must be given to areas such as the assessment and management of risk, which underlie the full spectrum of homeland security activities. This includes decisions about when, where, and how to invest resources in capabilities or assets that eliminate, control, or mitigate risks. Likewise, research and development initiatives promote the application of science and technology to homeland security activities and can drive improvements in processes and efficiencies to reduce the vulnerability of the Nation.

### Non-Federal Expenditures<sup>1</sup>

State and local governments and private-sector firms also have devoted resources of their own to the task of defending against terrorist threats. Some of the spending has been of a one-time nature, such as investment in new security equipment and infrastructure; some spending has been ongoing, such as hiring more personnel, and increasing overtime for existing security personnel. In

<sup>1</sup> OMB does not collect detailed homeland security expenditure data from State, local, or private entities directly.

many cases, own-source spending has supplemented the resources provided by the Federal Government.

Many governments and businesses, though not all, place a high priority on, and provide additional resources, for security. A 2004 survey conducted by the National Association of Counties found, that as a result of intergovernmental homeland security planning and funding processes, three out of four counties believed they were better prepared to respond to terrorist threats. Moreover, almost 40 percent of the surveyed counties had appropriated their own funds to assist with homeland security. Own-source resources supplemented funds provided by States and the Federal Government. However, the same survey revealed that 54 percent of counties had not used any of their own funds.<sup>2</sup> The survey's findings were based on the responses from 471 counties (15 percent) nationwide, out of 3,140 counties or equivalents.<sup>3</sup>

A recent study conducted by the Heritage Foundation, one of the few organizations to compile homeland security spending estimates from States and localities, provides data on State and local spending in support of homeland security activities.<sup>4</sup> The report surveyed 43 jurisdictions that are eligible for DHS' Urban Areas Security Initiative (UASI) grant funds due to the risk of a terrorist attack.<sup>5</sup> These jurisdictions are home to approximately 145 million people or 47 percent of the total United States population. According to the report, the 2007 homeland security budgets for the jurisdictions examined (which include 26 States and the District of Columbia, 50 primary cities, and 35 primary counties) totaled \$37 billion, while the same entities received slightly more than \$2 billion in Federal homeland security grants.<sup>6</sup> The report further states that from 2000 - 2007, these States and localities spent \$220 billion on homeland security activities, which includes increases of three to six percent a year for law enforcement and fire services budgets, and received over \$10 billion in Federal grants. California, the most populous State, is also the largest recipient of Federal homeland security funds, having received almost \$1.5 billion

<sup>2</sup> Source: National Association of Counties, "Homeland Security Funding—2003 State Homeland Security Grants Programs I and II."

<sup>3</sup> The National Association of Counties conducted a survey through its various state associations (48), responses were received from 471 counties in 26 states.

<sup>4</sup> Source: Matt A. Mayer, "An Analysis of Federal, State, and Local Homeland Security Budgets," A Report of the Heritage Center for Data Analysis, CDA09-01, March 9, 2009, at [http://www.heritage.org/Research/HomelandSecurity/upload/CDA\\_09\\_01.pdf](http://www.heritage.org/Research/HomelandSecurity/upload/CDA_09_01.pdf). Figures cited in this report have not been independently verified by the Office of Management and Budget.

<sup>5</sup> The Heritage Foundation report's methodology in selecting the states, cities, and counties to include in the report is as follows: the state had to possess a designated UASI jurisdiction and the city and county had to belong to a designated UASI jurisdiction that had received at least \$15 million from 2003 to 2007 from the DHS.

<sup>6</sup> The Heritage Foundation report's budget data for homeland security included primary law enforcement agencies, fire departments, homeland security offices, and emergency management agencies. In some cases, state and local emergency management agency budget data was embedded in the fire department budget data and was not separately noted in its own category.

from 2000 - 2007, while spending over \$45 billion in State and local funding. Over the same time period, the top ten most populous States (including California) spent \$148 billion on State and local homeland security related activities.

There is also a diversity of responses in the businesses community. A 2003 survey of 199 corporate security directors conducted by the Conference Board showed that just over half of the companies reported that they had permanently increased security spending post-September 11, 2001.<sup>7</sup> About 15 percent of the companies surveyed had increased their security spending by 20 percent or more.<sup>8</sup> Large increases in spending were especially evident in critical industries, such as transportation, energy,

<sup>7</sup> Source: Thomas E. Cavanagh and Meredith Whiting, "2003 Corporate Security Management: Organization and Spending Since 9/11," The Conference Board. R-1333-03-RR. July 2003. This survey had a sample size of 199 corporate security directors, of which 96 were in "critical industries", while the remaining 103 were in "non-critical industries." In the report, the Conference Board states that it followed the DHS usage of critical industries, "defined as the following: transportation; energy and utilities; financial services; media and telecommunications; information technology; and healthcare."

<sup>8</sup> The Conference Board survey cites the sample size for this statistic was 192 corporate security directors.

financial services, media and telecommunications, information technology, and healthcare. However, about one-third of the surveyed companies reported that they had not increased their security spending after September 11th.<sup>9</sup> Given the difficulty of obtaining survey results that are representative of the universe of States, localities, and businesses, it is likely that there will be a wide range of estimates of non-Federal security spending for critical infrastructure protection.

### Additional Tables

The tables in the Federal expenditures section of this chapter present data based on the President's policy for the 2013 Budget. The tables below present additional policy and baseline data, as directed by the Homeland Security Act of 2002.

An appendix of account-level funding estimates is available on the *Analytical Perspectives* CD ROM.

<sup>9</sup> The Conference Board survey cites the sample size for this statistic was 199 corporate security directors.

**Table 24-5. DISCRETIONARY FEE-FUNDED HOMELAND SECURITY ACTIVITIES BY AGENCY**

(Budget authority in millions of dollars)

| Agency                                                                    | 2011 Enacted   | 2011 Supplemental/ Emergency | 2012 Enacted   | 2013 Request   |
|---------------------------------------------------------------------------|----------------|------------------------------|----------------|----------------|
| Department of Energy .....                                                | 11.6           | .....                        | 16.0           | 18.1           |
| Department of Homeland Security .....                                     | 3,184.0        | .....                        | 3,391.5        | 3,485.7        |
| Department of State .....                                                 | 1,959.0        | .....                        | 2,153.0        | 2,154.0        |
| General Services Administration .....                                     | 11.0           | .....                        | 30.0           | 51.0           |
| Social Security Administration .....                                      | 212.5          | .....                        | 234.3          | 252.1          |
| Federal Communications Commission .....                                   | 2.6            | .....                        | .....          | .....          |
| Securities and Exchange Commission .....                                  | 6.0            | .....                        | 8.0            | 8.0            |
| <b>Total, Discretionary Homeland Security Fee-Funded Activities .....</b> | <b>5,386.7</b> | <b>.....</b>                 | <b>5,832.8</b> | <b>5,968.9</b> |

**Table 24-6. MANDATORY HOMELAND SECURITY FUNDING BY AGENCY**

(Budget authority in millions of dollars)

| Agency                                                   | 2011 Actual    | 2011 Supplemental/ Emergency | 2012 Enacted   | 2013 Request   |
|----------------------------------------------------------|----------------|------------------------------|----------------|----------------|
| Department of Agriculture .....                          | 215.6          | .....                        | 214.6          | 216.7          |
| Department of Defense .....                              | 281.0          | .....                        | 266.4          | 275.3          |
| Department of Energy .....                               | 8.0            | .....                        | 13.0           | 15.0           |
| Department of Health and Human Services .....            | 0.4            | .....                        | 0.2            | 0.2            |
| Department of Homeland Security .....                    | 2,412.9        | .....                        | 2,591.8        | 2,606.8        |
| Department of Labor .....                                | 8.5            | .....                        | 10.6           | 1.7            |
| <b>Total, Homeland Security Mandatory Programs .....</b> | <b>2,926.4</b> | <b>.....</b>                 | <b>3,096.5</b> | <b>3,115.8</b> |

**Table 24–7. BASELINE ESTIMATES—TOTAL HOMELAND SECURITY FUNDING BY AGENCY**  
(Budget authority in millions of dollars)

| Agency                                                           | 2012          | Baseline      |               |               |               |               |
|------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                                                  |               | 2013          | 2014          | 2015          | 2016          | 2017          |
| Department of Agriculture .....                                  | 571           | 582           | 592           | 605           | 616           | 630           |
| Department of Commerce .....                                     | 290           | 295           | 301           | 308           | 316           | 323           |
| Department of Defense .....                                      | 16,604        | 16,952        | 17,277        | 17,640        | 18,008        | 18,387        |
| Department of Education .....                                    | 31            | 32            | 32            | 33            | 33            | 34            |
| Department of Energy .....                                       | 1,925         | 1,960         | 1,995         | 2,032         | 2,072         | 2,111         |
| Department of Health and Human Services .....                    | 4,148         | 4,229         | 4,312         | 4,403         | 4,495         | 4,590         |
| Department of Homeland Security .....                            | 34,870        | 35,898        | 36,937        | 38,001        | 39,097        | 40,248        |
| Department of Housing and Urban Development .....                | 3             | 3             | 3             | 3             | 3             | 3             |
| Department of the Interior .....                                 | 59            | 60            | 62            | 65            | 68            | 69            |
| Department of Justice .....                                      | 4,055         | 4,177         | 4,306         | 4,441         | 4,580         | 4,728         |
| Department of Labor .....                                        | 46            | 35            | 36            | 36            | 36            | 36            |
| Department of State .....                                        | 2,283         | 2,326         | 2,369         | 2,417         | 2,465         | 2,516         |
| Department of Transportation .....                               | 253           | 262           | 272           | 281           | 293           | 304           |
| Department of the Treasury .....                                 | 123           | 128           | 131           | 135           | 139           | 143           |
| Department of Veterans Affairs .....                             | 395           | 401           | 409           | 420           | 430           | 441           |
| Corps of Engineers .....                                         | 36            | 37            | 37            | 38            | 39            | 39            |
| Environmental Protection Agency .....                            | 102           | 104           | 106           | 110           | 111           | 117           |
| Executive Office of the President .....                          | 10            | 10            | 10            | 11            | 11            | 11            |
| General Services Administration .....                            | 38            | 38            | 39            | 39            | 40            | 41            |
| National Aeronautics and Space Administration .....              | 230           | 233           | 237           | 242           | 246           | 250           |
| National Science Foundation .....                                | 444           | 452           | 458           | 467           | 475           | 484           |
| Office of Personnel Management .....                             | 2             | 2             | 2             | 2             | 2             | 2             |
| Social Security Administration .....                             | 234           | 252           | 256           | 261           | 265           | 270           |
| District of Columbia .....                                       | .....         | 2             | 2             | 2             | 2             | 2             |
| Federal Communications Commission .....                          | 15            | 15            | 15            | 16            | 16            | 16            |
| Intelligence Community Management Account .....                  | 2             | 2             | 2             | 2             | 2             | 2             |
| National Archives and Records Administration .....               | 9             | 9             | 9             | 9             | 10            | 10            |
| Nuclear Regulatory Commission .....                              | 23            | 23            | 24            | 24            | 25            | 25            |
| Securities and Exchange Commission .....                         | 78            | 80            | 83            | 86            | 88            | 91            |
| Smithsonian Institution .....                                    | 8             | 8             | 8             | 8             | 9             | 9             |
| United States Holocaust Memorial Museum .....                    | 96            | 100           | 105           | 109           | 113           | 117           |
| <b>Total, Homeland Security Budget Authority .....</b>           | <b>66,983</b> | <b>68,707</b> | <b>70,427</b> | <b>72,246</b> | <b>74,105</b> | <b>76,049</b> |
| Less Department of Defense .....                                 | -16,604       | -16,952       | -17,277       | -17,640       | -18,008       | -18,387       |
| <b>Non-Defense Homeland Security BA .....</b>                    | <b>50,379</b> | <b>51,755</b> | <b>53,150</b> | <b>54,606</b> | <b>56,097</b> | <b>57,662</b> |
| Less Fee-Funded Homeland Security Programs .....                 | -5,860        | -6,009        | -6,110        | -6,222        | -6,333        | -6,449        |
| Less Mandatory Homeland Security Programs .....                  | -3,099        | -3,114        | -3,208        | -3,259        | -3,311        | -3,377        |
| <b>Net Non-Defense, Discretionary Homeland Security BA .....</b> | <b>41,420</b> | <b>42,632</b> | <b>43,832</b> | <b>45,125</b> | <b>46,453</b> | <b>47,836</b> |
| <b>Obligations Limitations</b>                                   |               |               |               |               |               |               |
| Department of Transportation Obligations Limitation .....        | 36            | 37            | 37            | 38            | 39            | 39            |

**Table 24–8. HOMELAND SECURITY FUNDING BY BUDGET FUNCTION**  
(Budget authority in millions of dollars)

| Budget Function                                                  | 2011<br>Actual | 2012<br>Enacted | 2013<br>Request |
|------------------------------------------------------------------|----------------|-----------------|-----------------|
| National Defense .....                                           | 21,777         | 21,463          | 22,989          |
| International Affairs .....                                      | 1,949          | 2,283           | 2,353           |
| General Science Space and Technology .....                       | 697            | 754             | 726             |
| Energy .....                                                     | 126            | 120             | 130             |
| Natural Resources and the Environment .....                      | 273            | 270             | 267             |
| Agriculture .....                                                | 559            | 559             | 539             |
| Commerce and Housing Credit .....                                | 184            | 210             | 1,401           |
| Transportation .....                                             | 11,256         | 11,095          | 10,975          |
| Community and Regional Development .....                         | 3,434          | 2,573           | 3,218           |
| Education, Training, Employment and Social Services .....        | 163            | 168             | 180             |
| Health .....                                                     | 4,179          | 4,139           | 4,104           |
| Medicare .....                                                   | 28             | 24              | 22              |
| Income Security .....                                            | 12             | 15              | 4               |
| Social Security .....                                            | 212            | 234             | 252             |
| Veterans Benefits and Services .....                             | 415            | 395             | 385             |
| Administration of Justice .....                                  | 20,445         | 21,188          | 20,950          |
| General Government .....                                         | 1,261          | 1,503           | 1,599           |
| <b>Total, Homeland Security Budget Authority .....</b>           | <b>66,970</b>  | <b>66,993</b>   | <b>70,094</b>   |
| Less National Defense, DoD .....                                 | -16,711        | -16,336         | -17,678         |
| <b>Non-Defense Homeland Security BA .....</b>                    | <b>50,259</b>  | <b>50,657</b>   | <b>52,416</b>   |
| Less Fee-Funded Homeland Security Programs .....                 | -5,367         | -5,809          | -6,060          |
| Less Mandatory Homeland Security Programs .....                  | -2,926         | -3,106          | -4,305          |
| <b>Net Non-Defense, Discretionary Homeland Security BA .....</b> | <b>41,966</b>  | <b>41,742</b>   | <b>42,051</b>   |

**Table 24–9. BASELINE ESTIMATES—HOMELAND SECURITY FUNDING BY BUDGET FUNCTION**  
(Budget authority in millions of dollars)

| Budget Function                                                  | 2012          | Baseline      |               |               |               |               |
|------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                                                  |               | 2013          | 2014          | 2015          | 2016          | 2017          |
| National Defense .....                                           | 21,463        | 21,924        | 22,363        | 22,850        | 23,349        | 23,861        |
| International Affairs .....                                      | 2,283         | 2,326         | 2,369         | 2,417         | 2,465         | 2,516         |
| General Science Space and Technology .....                       | 754           | 766           | 778           | 793           | 807           | 821           |
| Energy .....                                                     | 120           | 124           | 128           | 131           | 134           | 137           |
| Natural Resources and the Environment .....                      | 270           | 275           | 281           | 290           | 296           | 305           |
| Agriculture .....                                                | 559           | 570           | 579           | 592           | 603           | 616           |
| Commerce and Housing Credit .....                                | 210           | 214           | 217           | 223           | 229           | 234           |
| Transportation .....                                             | 11,095        | 11,405        | 11,793        | 12,156        | 12,536        | 12,928        |
| Community and Regional Development .....                         | 2,573         | 2,620         | 2,660         | 2,712         | 2,762         | 2,813         |
| Education, Training, Employment and Social Services .....        | 168           | 173           | 179           | 184           | 189           | 194           |
| Health .....                                                     | 4,139         | 4,219         | 4,301         | 4,391         | 4,482         | 4,576         |
| Medicare .....                                                   | 24            | 25            | 27            | 28            | 29            | 31            |
| Income Security .....                                            | 15            | 4             | 4             | 4             | 4             | 4             |
| Social Security .....                                            | 234           | 252           | 256           | 261           | 265           | 270           |
| Veterans Benefits and Services .....                             | 395           | 401           | 409           | 420           | 430           | 441           |
| Administration of Justice .....                                  | 21,188        | 21,844        | 22,491        | 23,173        | 23,876        | 24,623        |
| General Government .....                                         | 1,503         | 1,573         | 1,600         | 1,629         | 1,658         | 1,688         |
| <b>Total, Homeland Security Budget Authority .....</b>           | <b>66,993</b> | <b>68,715</b> | <b>70,435</b> | <b>72,254</b> | <b>74,114</b> | <b>76,058</b> |
| Less National Defense, DoD .....                                 | -16,604       | -16,952       | -17,277       | -17,640       | -18,008       | -18,387       |
| <b>Non-Defense, Discretionary Homeland Security BA .....</b>     | <b>50,389</b> | <b>51,763</b> | <b>53,158</b> | <b>54,614</b> | <b>56,106</b> | <b>57,671</b> |
| Less Fee-Funded Homeland Security Programs .....                 | -5,860        | -6,009        | -6,110        | -6,222        | -6,333        | -6,449        |
| Less Mandatory Homeland Security Programs .....                  | -3,099        | -3,114        | -3,208        | -3,259        | -3,311        | -3,377        |
| <b>Net Non-Defense, Discretionary Homeland Security BA .....</b> | <b>41,430</b> | <b>42,640</b> | <b>43,840</b> | <b>45,133</b> | <b>46,462</b> | <b>47,845</b> |
| <b>Obligations Limitations</b>                                   |               |               |               |               |               |               |
| Department of Transportation Obligations Limitation .....        | 36            | 37            | 37            | 38            | 39            | 39            |

## 25. FEDERAL DRUG CONTROL FUNDING

The FY 2013 request includes information from two additional Departments and two new programs to the National Drug Control Budget. These additions are consistent with the restructuring of the National Drug Control Budget in FY 2012. The new bureaus or programs, which will be reflected in the National Drug Control Strategy, FY 2013 Budget and Performance Summary (Summary), are:

- Labor: Employment and Training Administration: (comprehensive drug prevention and intervention program for all Job Corps participants)
- Housing and Urban Development: Continuum of Care (housing and other efforts in support of homeless with substance abuse disorders)
- Defense: Defense Health Program (drug abuse treatment provided by military treatment facilities and private sector care)

- Health and Human Services: Administration for Children and Families (enhancing the safety of children affected by parental methamphetamine or other substance abuse).

In accordance with Section 202 of the ONDCP Reauthorization Act of 2006 (P.L. 109-469) and the GPRA Modernization Act of 2010, the Office of National Drug Control Policy (ONDCP) working with Federal drug control agencies has developed a cross-agency performance monitoring and assessment mechanism – the Performance Reporting System (PRS). The PRS will monitor the extent of interagency progress towards achieving the goals and objectives of the National Drug Control Strategy. The first PRS Report will be published in 2012 along with the Strategy.

**Table 25-1. FEDERAL DRUG CONTROL FUNDING, 2011-2013 <sup>1</sup>**  
(Budget authority, in millions of dollars)

| Department/Agency                                                                         | Enacted        |                | 2013 Request   |
|-------------------------------------------------------------------------------------------|----------------|----------------|----------------|
|                                                                                           | 2011           | 2012           |                |
| <b>Department of Agriculture:</b>                                                         |                |                |                |
| U.S. Forest Service .....                                                                 | 15.3           | 15.2           | 14.7           |
| <b>Court Services and Offender Supervision Agency for the District of Columbia:</b> ..... | <b>52.8</b>    | <b>53.1</b>    | <b>52.4</b>    |
| <b>Department of Defense:</b> <sup>2</sup>                                                |                |                |                |
| Drug Interdiction and Counterdrug Activities .....                                        | 1,595.2        | 1,666.1        | 1,467.7        |
| OPTEMPO <sup>3</sup> .....                                                                | 148.1          | 162.8          | 162.6          |
| Defense Health Program .....                                                              | 93.3           | 96.5           | 94.9           |
| <b>Total DOD</b> .....                                                                    | <b>1,836.5</b> | <b>1,925.3</b> | <b>1,725.2</b> |
| <b>Department of Education:</b> .....                                                     | <b>123.9</b>   | <b>64.9</b>    | <b>108.3</b>   |
| <b>Federal Judiciary:</b> .....                                                           | <b>1,126.9</b> | <b>1,133.3</b> | <b>1,164.5</b> |
| <b>Department of Health and Human Services:</b>                                           |                |                |                |
| Administration for Children and Families .....                                            | 20.0           | 20.0           | 20.0           |
| Centers for Medicare and Medicaid Services <sup>4</sup> .....                             | 4,643.8        | 4,467.4        | 4,751.1        |
| Health Resources and Services Administration .....                                        | 16.9           | 18.1           | 18.3           |
| Indian Health Service .....                                                               | 96.0           | 98.1           | 96.8           |
| National Institute on Alcohol Abuse and Alcoholism .....                                  | 56.9           | 57.0           | 56.8           |
| National Institute on Drug Abuse .....                                                    | 1,048.8        | 1,052.1        | 1,054.0        |
| Substance Abuse and Mental Health Services Administration <sup>5</sup> .....              | 2,576.8        | 2,565.8        | 2,470.9        |
| <b>Total HHS</b> .....                                                                    | <b>8,459.2</b> | <b>8,278.5</b> | <b>8,467.9</b> |
| <b>Department of Homeland Security:</b>                                                   |                |                |                |
| Customs and Border Protection .....                                                       | 2,238.3        | 2,280.3        | 2,276.4        |
| Federal Emergency Management Agency <sup>6</sup> .....                                    | 8.3            | 7.5            | 0.0            |
| Federal Law Enforcement Training Center .....                                             | 47.8           | 48.5           | 46.3           |
| Immigration and Customs Enforcement .....                                                 | 504.5          | 523.5          | 503.1          |
| Office of Counternarcotics Enforcement .....                                              | 2.9            | 1.8            | 0.0            |
| U.S. Coast Guard <sup>7</sup> .....                                                       | 1,408.1        | 977.3          | 1,124.9        |
| <b>Total DHS</b> .....                                                                    | <b>4,209.8</b> | <b>3,838.9</b> | <b>3,950.7</b> |
| <b>Department of Housing and Urban Development:</b>                                       |                |                |                |
| Continuum of Care .....                                                                   | <b>464.2</b>   | <b>446.0</b>   | <b>542.4</b>   |

**Table 25–1. FEDERAL DRUG CONTROL FUNDING, 2011– 2013<sup>1</sup>—Continued**  
(Budget authority, in millions of dollars)

| Department/Agency                                                        | Enacted        |                | 2013 Request   |
|--------------------------------------------------------------------------|----------------|----------------|----------------|
|                                                                          | 2011           | 2012           |                |
| <b>Department of the Interior:</b>                                       |                |                |                |
| Bureau of Indian Affairs .....                                           | 10.0           | 10.0           | 10.0           |
| Bureau of Land Management .....                                          | 5.1            | 5.1            | 5.1            |
| National Park Service .....                                              | 3.3            | 3.3            | 3.3            |
| <b>Total DOI .....</b>                                                   | <b>18.4</b>    | <b>18.4</b>    | <b>18.4</b>    |
| <b>Department of Justice:</b>                                            |                |                |                |
| Asset Forfeiture Fund .....                                              | 214.662        | 224.76         | 236            |
| Bureau of Prisons .....                                                  | 3,287.6        | 3,396.9        | 3,517.3        |
| Criminal Division .....                                                  | 12.3           | 12.3           | 12.6           |
| Drug Enforcement Administration .....                                    | 2,305.9        | 2,347.0        | 2,387.9        |
| Interagency Crime and Drug Enforcement .....                             | 527.5          | 527.5          | 524.8          |
| Federal Prisoner Detention / [Office of Federal Detention Trustee] ..... | 533.0          | 580.0          | 604.0          |
| Office of Justice Programs .....                                         | 226.3          | 162.0          | 244.6          |
| National Drug Intelligence Center .....                                  | 34.0           | 20.0           | 0.0            |
| U.S. Attorneys .....                                                     | 82.2           | 79.5           | 80.6           |
| U.S. Marshals Service .....                                              | 237.7          | 248.9          | 250.8          |
| <b>Total DOJ .....</b>                                                   | <b>7,461.3</b> | <b>7,598.8</b> | <b>7,858.6</b> |
| <b>Department of Labor:</b>                                              |                |                |                |
| Employment and Training Administration .....                             | <b>6.6</b>     | <b>6.6</b>     | <b>6.5</b>     |
| <b>Office of National Drug Control Policy:</b>                           |                |                |                |
| Operations .....                                                         | 27.1           | 24.5           | 23.4           |
| Counterdrug Technology Assessment Center .....                           | 0.0            | 0.0            | 0.0            |
| High Intensity Drug Trafficking Area Program .....                       | 238.5          | 238.5          | 200.0          |
| Other Federal Drug Control Programs .....                                | 140.6          | 105.6          | 118.6          |
| <b>Total ONDCP .....</b>                                                 | <b>406.2</b>   | <b>368.6</b>   | <b>342.0</b>   |
| <b>Department of State:<sup>8</sup></b>                                  |                |                |                |
| Bureau of International Narcotics and Law Enforcement Affairs .....      | 575.3          | 513.2          | 507.8          |
| Economic Support and Development Assistance .....                        | 198.6          | 283.3          | 179.1          |
| <b>Total DOS .....</b>                                                   | <b>773.9</b>   | <b>796.5</b>   | <b>686.9</b>   |
| <b>Department of the Transportation:</b>                                 |                |                |                |
| Federal Aviation Administration .....                                    | 27.9           | 28.7           | 28.8           |
| National Highway Safety Administration .....                             | 2.7            | 2.7            | 4.0            |
| <b>Total DOT .....</b>                                                   | <b>30.6</b>    | <b>31.4</b>    | <b>32.8</b>    |
| <b>Small Business Administration: .....</b>                              | <b>1.0</b>     | <b>0.0</b>     | <b>0.0</b>     |
| <b>Department of the Treasury:</b>                                       |                |                |                |
| Internal Revenue Service .....                                           | 60.1           | 60.3           | 60.6           |
| <b>Department of Veterans Affairs:</b>                                   |                |                |                |
| Veterans Health Administration <sup>9</sup> .....                        | 532.9          | 548.7          | 568.2          |
| <b>Total Federal Drug Budget .....</b>                                   | <b>25579.6</b> | <b>25184.5</b> | <b>25600.0</b> |

<sup>1</sup> Detail may not add due to rounding.

<sup>2</sup> DOD amounts include funding appropriated or requested for overseas contingency operations.

<sup>3</sup> OPTEMPO funding (flight hours and steaming days) is reported by the military services and is not part of DOD's counter-drug activities budget request.

<sup>4</sup> The Department of Health and Human Services' (HHS) Centers for Medicare and Medicaid Services (CMS) outlay estimates include substance abuse treatment expenditures for both Medicare and Medicaid. While CMS's Office of the Actuary (OACT) developed the Medicare estimates, Medicaid estimates were developed as a placeholder by ONDCP, based on data in the 2008 Report from HHS entitled 'SAMHSA spending estimates: MHSAs spending projections for 2004–2014'. OACT did not develop nor approve the Medicaid estimates. Medicaid estimates are not consistent with the FY 2013 President's Budget Medicaid baseline projections, and do not incorporate the impact of recent legislation (including the Recovery Act and the Affordable Care Act), or recent economic and policy changes to the programs. These estimates are for use while HHS develops a more precise estimate consistent with current program spending.

<sup>5</sup> Includes budget authority and funding through evaluation set-aside authorized by Section 241 of the Public Health Service (PHS) Act.

<sup>6</sup> FEMA amount reflects Operation Stonegarden grant funding.

<sup>7</sup> The USCG budgets by appropriation rather than individual missions. The USCG projects resource allocations by mission through use of an activity-based costing system. Actual allocations will vary depending upon operational environment and mission need. In FY 2011, the USCG anticipated allocating \$1,162.3 toward the drug interdiction mission. According to the USCG operations database, however, actual EOY allocation totaled \$1,408.1 million.

<sup>8</sup> State Department amounts include funding appropriated or requested for overseas contingency operations.

<sup>9</sup> VA Medical Care receives advance appropriations; FY 2013 funding was provided in the Consolidated Appropriations Act, 2012 (Public Law 112–74).

## 26. CALIFORNIA BAY-DELTA FEDERAL BUDGET CROSSCUT

The California Bay-Delta program is a cooperative effort among the Federal Government, the State of California, local governments, and water users, to proactively address the water management and aquatic ecosystem needs of California's Central Valley. This valley, one of the most productive agricultural regions of the world, is drained by the Sacramento River in the north and the San Joaquin River in the south. The two rivers meet southwest of Sacramento, forming the Sacramento-San Joaquin Delta, and drain west into San Francisco Bay.

The Bay-Delta is the hub of the nation's largest water delivery system, providing drinking water to 25 million Californians. According to the State of California, it supports about \$400 billion of annual economic activity, including a \$28 billion agricultural industry and a robust and diverse recreational industry.

The extensive development of the area's water resources has boosted agricultural production, but has also adversely affected the region's ecosystems. Bay-Delta participants recognized the need to provide a high-quality, reliable and sustainable water supply for California, while at the same time restoring and maintaining the ecological integrity of the area and mitigating flood risks. This recognition resulted in the 1994 Bay-Delta Accord, which laid the foundation for the CALFED Bay-Delta Authorization Act of 2004 (P.L. 108-361). The program has since adapted and evolved into a broader Bay-Delta program which includes the Bay-Delta Conservation Plan, the Delta Science Program, and the soon to be released Delta Plan (May 2012). Federal activities are currently coordinated through the Interim Federal Action Plan (established in 2010), under the leadership of the White House Council on Environmental Quality,

the Department of the Interior, and California's Delta Stewardship Council.

The Interim Federal Action Plan uses an adaptive management approach to water resources development & management and continues to develop strategies to balance achievement among the program's four objectives: a renewed Federal-state partnership, smarter water supply & use, habitat restoration, and drought & floodplain management. The partners signed a Record of Decision in 2000 and a Memorandum of Understanding in 2009, detailing the different program components and goals. The program uses scientific monitoring to track progress being made toward reaching near-term objectives and longer range success. Federal agencies contributing to the Bay-Delta program include: the Department of the Interior's Bureau of Reclamation, U.S. Fish and Wildlife Service, and U.S. Geological Survey; the Department of Agriculture's Natural Resources Conservation Service; the Department of Defense's U.S. Army Corps of Engineers; the Department of Commerce's National Oceanic and Atmospheric Administration; and the Environmental Protection Agency.

The 2013 Budget includes a crosscut of estimated Federal funding by each of the participating agencies, fulfilling the reporting requirements of P.L. 108-361. Additional tables and narrative that further account for recent programmatic and funding changes can be found in the CD-ROM included with the Analytical Perspectives. Please note that some funding amounts included in previous budgets have been updated to align with the programs and activities outlined in the Interim Federal Action Plan. More information about the Interim Federal Action Plan can be found at <http://www.doi.gov/documents/CAWaterWorkPlan.pdf>.

**Table 26-1. BAY-DELTA FEDERAL FUNDING BUDGET CROSSCUT**

(In millions of dollars)

| Agency                          | Enacted      |              |              |              |              |              |              |              |              |              |              |                   |              |              |              | Pres. Budget 2013 |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|--------------|--------------|--------------|-------------------|
|                                 | 1998         | 1999         | 2000         | 2001         | 2002         | 2003         | 2004         | 2005         | 2006         | 2007         | 2008         | 2009 <sup>1</sup> | 2010         | 2011         | 2012         |                   |
| Bureau of Reclamation .....     | 153.4        | 114.7        | 138.5        | 79.8         | 103.3        | 74.2         | 75.7         | 81.1         | 99.8         | 101.3        | 66.1         | 156.8             | 94.7         | 185.5        | 172.7        | 110.8             |
| Corps of Engineers .....        | 100.7        | 103.3        | 93.8         | 54.2         | 58.2         | 57.8         | 72.6         | 52.3         | 91.3         | 87.4         | 51.2         | 140.7             | 72.5         | 78.0         | 44.5         | 53.8              |
| USDA - NRCS .....               | 0.0          | 14.5         | 12.9         | 17.0         | 39.1         | 38.4         | 48.8         | 36.4         | 34.6         | 26.9         | 40.9         | 44.4              | 39.7         | 56.1         | 56.1         | 44.2              |
| NOAA Fisheries .....            | 0.3          | 0.4          | 0.5          | 0.6          | 0.6          | 0.8          | 0.8          | 0.8          | 0.8          | 0.5          | 0.5          | 0.5               | 0.5          | 1.6          | 1.4          | 1.4               |
| Geological Survey .....         | 3.2          | 3.2          | 4.3          | 5.4          | 5.1          | 4.9          | 4.9          | 5.4          | 5.2          | 4.1          | 3.7          | 3.7               | 3.4          | 6.0          | 6.0          | 7.3               |
| Fish and Wildlife Service ..... | 0.9          | 1.1          | 3.7          | 18.2         | 5.6          | 11.2         | 13.7         | 8.9          | 10.7         | 7.5          | 22.0         | 24.2              | 6.5          | 9.2          | 4.9          | 4.9               |
| EPA .....                       | 3.2          | 3.1          | 57.3         | 53.4         | 54.3         | 20.7         | 62.8         | 97.7         | 36.6         | 36.1         | 68.3         | 161.5             | 123.7        | 88.0         | 85.4         | 73.1              |
| <b>Totals: .....</b>            | <b>261.6</b> | <b>240.3</b> | <b>310.8</b> | <b>228.4</b> | <b>266.2</b> | <b>208.0</b> | <b>279.3</b> | <b>282.6</b> | <b>279.0</b> | <b>263.9</b> | <b>252.8</b> | <b>531.9</b>      | <b>341.1</b> | <b>424.4</b> | <b>370.9</b> | <b>295.4</b>      |

<sup>1</sup>The FY 2009 total includes American Recovery and Reinvestment Act projects and activities.

