



2008 BUDGET

A Balanced Budget By 2012, While:

*★ Keeping the Economy Strong and Taxes Low ★ Spending Taxpayer Dollars Wisely
★ Combating Terrorism and Protecting the Homeland*

STRENGTHENING STATE & LOCAL COMMUNITIES

As a result of the President's pro-growth policies, including tax relief, that have helped spur strong economic growth and millions of new jobs, the 2008 Budget shows declining deficits each year and reaches a balanced budget within five years. Achieving a balanced budget by 2012 requires continued restraint in discretionary spending. The 2008 Budget focuses on better spending restraint by keeping the increase in non-security discretionary spending at one percent – below the rate of inflation – and at the same time reducing or terminating funding for underperforming programs in order to restrain spending and transfer these dollars to priority initiatives like No Child Left Behind, the American Competitiveness Initiative and the Advanced Energy Initiative.

A strong and growing economy means increased tax revenues at all levels – Federal, State and local. State and local governments are then able to fund priorities from their own growing resources, and finance infrastructure with low stable interest rates. Proposals affecting state and local governments in the 2008 Budget are intended to bring the appropriate amount of funding directly to the communities and programs that need it most, while also ensuring that taxpayer dollars are spent wisely.

Federal grant outlays in the 2008 Budget are estimated to increase by \$20 billion over 2006 levels – from \$434 billion in 2006 to an estimated \$454 billion in 2008 – helping State and local governments finance domestic spending programs like income support, infrastructure, education and social services. The Administration intends to work with state and local governments to make the Federal aid system more efficient and effective and to improve the design, administration and financial management of the federal grant programs by reducing improper payments as well as assessing the performance of grants with the Program Assessment Rating Tool (PART).

A highlight of the Administration's support for states and local communities is illustrated through the support of the State Children's Health Insurance Program (SCHIP), which was enacted in 1997 to provide \$40 billion over ten years to States for health care coverage to low-income, uninsured children whose income levels were higher than Medicaid eligibility limits. The President's 2008 Budget proposes to reauthorize SCHIP as well as add nearly \$5 billion over five years in order to maintain and strengthen the commitment to providing health insurance to low-income, uninsured children.

Additional Highlights of 2008 state, local and tribal governments funding proposals include:

Homeland Security:

- \$2 billion for enhancing first responder preparedness.
- An increase of \$26 million for the Law Enforcement Support Center, which includes training of an additional 250 state and local law enforcement officers.

Natural Resources and Environment:

- \$5.6 billion in grant outlays for natural resource and environment programs.
- \$842 million in new budget authority for the Drinking Water State Revolving Fund.
- \$100 million per year in new funding for park operations as part of the National Park Centennial Initiative.

Transportation:

- \$52.5 billion in grant outlays for highways, mass transit and airports.
- \$175 million for state and local demonstrations of innovative solutions for alleviating traffic congestion.

Community and Regional Development:

- \$16.5 billion in grant outlays, including \$8 billion for the Community Development Block Grant program (CDBG).

Education:

- \$38.1 billion in budget authority for grants to elementary, secondary, and vocational education.
- Reauthorizing and improving upon the success of No Child Left Behind (NCLB) by providing \$13.8 billion for Title I to continue NCLB accountability in elementary and middle school, and to reform high schools and improve college readiness, a \$365 million increase for math and science education, \$500 million to help schools in need of improvement (along with \$500 million from Title I), and \$300 million to enable low-income students to obtain scholarships for education alternatives.

Training and Employment:

- \$5.5 billion in grant outlays, including \$150 million for the Community-Based Job Training Grants program, which helps community colleges and related organizations to expand their capacity to train workers for jobs that are in demand in local economies. Funds will be used to train an estimated 100,000 workers.

Social Services:

- Head Start -- \$6.8 billion in budget authority to serve more than 900,000 children.

Health:

- \$219 billion in grant outlays for health-related programs.
- \$201.9 billion in Federal outlays for Medicaid.

- State Children’s Health Insurance Program (SCHIP) – reauthorizes SCHIP for five years, and increases allotments by approximately \$5 billion over five years.
- 40 new community health center sites in high poverty counties.

Income Support:

- \$92.5 billion in grant outlays for income security programs.
- \$5.4 billion for the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) to serve 8 million beneficiaries.
- \$29 billion in outlays for housing assistance grants.

Justice:

- \$3.8 billion in grant outlays for justice programs.
- \$1.2 billion to support state and local partners in crime prevention, and the creation of a new Violent Crime Reduction Partnership Initiative to target resources to those communities with the greatest crime problems.
- \$345 million for criminal justice needs, including drug-related priorities through the new Byrne Public Safety and Protection Grants that focus on drug courts and prescription drug monitoring.