



GBPI

Georgia Budget and Policy Institute

Thoughtful Analysis...Responsible Policy

What Federal Fund Cuts in Proposed U.S. House Bill Would Mean for Georgia

By Clare S. Richie, M.P.A., Senior Policy Analyst

The U.S. House of Representatives passed a bill on February 19, 2011 to fund annually appropriated federal programs for the remainder of the current federal fiscal year (which ends September 30, 2011). If adopted by the Senate and signed by the president, the bill (H.R. 1) would make deep cuts in a wide array of services this year.¹

Slashing \$66 billion (14.3 percent) from non-security discretionary spending below the 2010 levels could seriously impair our nation's economic recovery and cost hundreds of thousands of jobs. In fact, Moody's Analytics Mark Zandi projects that the bill would cut growth by 0.5 percent this year and cost 700,000 jobs by the end of 2012. Funding for these programs will have to fall on average by *nearly one-fourth* in order to achieve a 14.3 percent reduction in non-security discretionary spending over the remaining seven months of the federal fiscal year 2011.

The program cuts would have a significant impact on Georgians. For example,

- Head Start, which provides comprehensive early childhood development services for at-risk children ages birth to five, would be cut by \$27 million, enough to serve roughly 3,900 children. That is in addition to the pending expiration of 1,800 slots, previously funded by the 2009 Recovery Act, for a combined loss of 5,700 slots this year. The 1,800 slots will expire this September.
- \$39.9 million would be cut from Education for the Disadvantaged programs that are focused on the state's 878,000 low-income students. Another \$29.1 million would be cut from federal School Improvement funds that are focused on teacher quality and struggling schools. These cuts are in addition to the expiration of \$280.5 million in federal Recovery Act funds for Title I schools.² For the 2012 state budget year that starts this July, Georgia is already bracing for the lowest per student state spending on K-12 education in over a decade.³
- \$196 million would be cut from Pell Grants, affecting all 308,000 higher education students in Georgia.
- \$3.5 million would be cut from Vocational and Adult Education funds.
- \$44 million would be cut in job training and employment funds under the Workforce Investment Act. Unless new funds are provided later this year, the cut would effectively end services in the coming program year for all program participants, including 2,900 dislocated workers, 1,600 low-income adults, and 7,800 youth ages 14 to 21.
- \$38.9 million would be cut for needed repairs—such as new roofs or boilers—and revitalization of public housing, and \$4.2 million would be cut from HOME grants that help communities develop more affordable housing options.
- \$4 million would be cut in grants to help address mental health and substance abuse.

- \$55.9 million would be cut from Community Development Block Grants for the state, which fund a broad range of activities, such as housing development and rehabilitation, homelessness programs, public facilities improvement (e.g., youth and senior centers), economic development, and some social services.

H.R. 1 cuts many other federal services that matter to Georgia, such as food inspection, drug safety, child care assistance, and the Centers for Disease Control, the agency that plans the response to illness outbreaks such as the pandemic flu. It also eliminates federal funding for programs ranging from Teach for America and AmeriCorps to the YouthBuild initiative (which provides construction jobs for low-income youth), and weatherization of homes occupied by low-income families.

The bill is now in the U.S. Senate. On March 2, 2011 the president signed a two-week continuing resolution that maintains projects and activities of the federal government and reduces the current funding level by \$4 billion.⁴ The House and Senate have until March 18, 2011 to iron out differences on the appropriations for the remainder of the 2011 federal fiscal year.

Table 1: **Selected Cuts in Federal Funds for Georgia in H.R. 1**

| Program | FFY 2011 House Proposed Changed (in millions) |
|---|---|
| Education | |
| K-12 Education | |
| Education for the Disadvantaged (Title I and Even Start) | -\$39.9 |
| School Improvement (21 st Century Learning Centers, Math & Science Partnerships, and Educational Technology State Grants) | -\$29.1 |
| Career, Technical and Adult Education | |
| Vocational and Adult Education (Tech-Prep Education State Grants and Workplace and Community Transition Training for Incarcerated Individuals) | -\$3.5 |
| Pell Grants | -\$196 |
| | |
| Labor | |
| Workforce Investment Act – Adult Employment and Training Activities, Dislocated Workers Employment and Training Activities and Youth Activities | -\$44 |
| | |
| Health and Human Services | |
| Child Care and Development Block Grant | -\$1.6 |
| Community Mental Health Services Block Grant | -\$.8 |
| Community Services Block Grant | -\$8.2 |
| Consolidated Health Centers | -\$45 |
| Head Start | -\$27 |
| Substance Abuse Prevention and Treatment Block Grant | -\$3.2 |
| | |
| Housing and Urban Development | |
| Community Development Block Grant | -\$55.9 |
| Public Housing Capital Fund | -\$38.9 |
| HOME Investment Partnership Program | -\$4.2 |

Source for Head Start estimates: Center for Law and Social Policy and National Head Start Association.
 Federal Fund Information for States for WIC, CCDBG and Consolidated Health Centers.
 For other figures: Center on Budget and Policy Priorities.

The federal fiscal year is nearly half way completed, and Congress still has not enacted full-year appropriations. The \$66 billion in non-security discretionary cuts proposed in H.R. 1 come at a time when families still are reeling from the recession and increasingly are qualifying for low-income programs in the areas of education (early learning through post-secondary), employment, health, and housing. Yes, there is concern about the federal deficit; however, cutting these programs significantly in the short-term could hamper the economic recovery and would be compounded by proposed state level cuts. For example, the proposal to cut Pell grants could come at the same time HOPE scholarships are reduced. In the short-term, Georgia and the nation need to protect programs that put families back to work while promoting their children's basic needs. In the long-term, policymakers should move forward with thoughtful reform that strikes a responsible balance between program cuts and revenue increases and modernizations.

© 2011 Georgia Budget & Policy Institute

All Rights Reserved.

This document may be quoted with proper citation. A PDF is available for reference and dissemination at GBPI.org.

Contact: Clare S. Richie, CRichie@GBPI.org; 404.697.6669

Endnotes

¹ Unless otherwise noted, data for this report is from James Horney, Danilo Trisi, and Arloc Sherman, "House Bill Means Fewer Children in Head Start, Less Help for Students to Attend College, Less Training, and Less Funding for Clean Water", Center on Budget and Policy Priorities, Updated March 1, 2011. Available at <http://www.cbpp.org/cms/index.cfm?fa=view&id=3405>.

² Governor's Proposed FY 2012 Budget. Available at http://www.senate.ga.gov/sbeo/Documents/AppropriationsDocuments/FY2012/General/FY12G_GovRec_Education.pdf

³ Cedric Johnson, "Governor's FY 2012 Education Budget Proposals: The Cuts Continue", Georgia Budget & Policy Institute, January, 2011. Available at http://www.gbpi.org/documents/FY12%20Education%20Budget%20Overview_%20FINAL.pdf

⁴ Statement by the White House Press Secretary on H.J.Res. 44. Available at <http://www.whitehouse.gov/the-press-office/2011/03/02/statement-press-secretary-hjres-44>