SPECIAL TOPICS

15. 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 in the 2015 Budget. Information on Federal credit programs may be found in Chapter 20, "Credit and Insurance," in this volume. Chapter 14, "Tax Expenditures," in this volume, includes a display of tax expenditures that particularly aid State and local governments at the end of Tables 14-1 and 14-2.

Federal grants-in-aid are assistance provided to State and local governments, U.S. territories, and American Indian Tribal governments to support government operations or provision of services to the public. Most often grants are awarded as direct cash assistance, but 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—categorical grants or block grants—depending on the requirements of the grant program. In addition, grants may be characterized by how the funding is awarded such as by formula, by project, or by matching State and local funds.

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. WIC targets the nutrition needs of lower-income pregnant and postpartum women, infants, and children. Applicants to this program must meet defined categorical, residential, income, and nutrition risk eligibility requirements.

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 broad discretion to determine eligibility requirements for TANF benefits. In addition, TANF has a matching requirement known as "maintenance of effort" which specifies a minimum amount that States must spend to assist low-income families in order to receive the full Federal grant.

Project grants can be awarded competitively and are typified by a predetermined end product or duration. They can include grants for research, training, evaluation, planning, technical assistance, survey work, and construction. The Government Accountability Office describes each of these catagories of grants as striking "a different balance between the interests of the [F]ederal grant-making agency that funds be used efficiently and effectively to meet [N]ational objectives, and the interests of the recipient to use the funds to meet local priorities and to minimize the administrative burdens associated with accepting the grant." [1]

As recipients of Federal grant funding, State and local governments may provide services directly to beneficiaries or States may act as a pass-through, disbursing grant funding to localities using a formula or a competitive process. This pass-through structure allows States to set priorities and determine the allocation methodology within the rules of the Federal grant guidance.[2]

Most State spending comes from general fund revenues, but Federal funds are also a significant part of States' overall budgets. In 2013, general funds[3] were 40.5 percent, Federal funds 30.9 percent, other state funds 26.1 percent, and bonds 2.5 percent of total State spending.[4] The Federal funds share has decreased since 2011 due to increasing general fund revenues over the last several years and the end of temporary measures enacted in the Recovery Act and its extensions.[5]

According to the fall 2013 Fiscal Survey of States, total State spending in 2013 is estimated to be $1.71 trillion; this is a 4.6 percent increase over the prior year.[6] The components of total State spending for 2013 are estimated to be: Medicaid, 24.5 percent; elementary and secondary education, 20.0 percent; higher education, 10.0 percent; transportation, 8.0 percent; corrections, 3.1 percent;

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[1] United States Government Accountability Office. "Grants to State and Local Governments, An Overview of Federal Funding Levels and Selected Challenges." September 2012. p. 3.

[2] Keegan, Natalie. "Federal Grants-in-Aid Administration: A Primer." Congressional Research Service. October 3, 2012. p. 6-7.

[3] State general funds are raised from States' own taxes and fees.

[4] "State Expenditure Report, Examining Fiscal 2011-2013 State Spending." National Association of State Budget Officers. p. 1.

[5] The Federal Government used the existing grants structure to provide swift fiscal relief to States during the 2008 and 2009 recession when States faced severe and unforeseen economic conditions. It primarily 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 income security, education, transportation, energy, and water, and for Medicaid and other programs. In addition, for many programs, the Recovery Act required increased oversight and reporting for recipients and grant-making agencies. Most of the temporary provisions in the Recovery Act expired in 2010, but some Recovery Act programs were extended in subsequent legislation because economic growth remained slow.

[6] "The Fiscal Survey of States." National Association of State Budget Officers. Fall 2013. p. 1.

public assistance, 1.4 percent; and all other expenditures, 33.0 percent.[7]

The Fiscal Survey of States looks at enacted State budgets to make projections for the coming year. According to the most recent report, 2014 State budgets show that "modest [S]tate fiscal improvements are widespread across the country".[8] Fiscal 2014 could be the fourth consecutive year of general fund spending growth. The report also states that "forty-three [S]tates enacted higher spending levels in fiscal 2014 compared to fiscal 2013" and "many [S]tates ended fiscal 2013 with a budget surplus" but, growth will be less than the historical average of 5.6 percent.[9]

As a share of the total Federal budget, outlays for Federal grants-in-aid accounted for 15.8 percent of total outlays in 2013 and totaled $546.2 billion. This was an increase of $1.6 billion over 2012, less than one percent, and $14.8 billion less than what was estimated for 2013 in last year's Budget. Federal grant spending in 2014 is estimated to be $607.2 billion, an increase of 11.2 percent from 2013. The Budget provides $640.8 billion in outlays for aid to State and local governments in 2015, an increase of 5.5 percent from 2014. In addition to the outlays for grant spending detailed in this chapter, the Budget includes a $56 billion Opportunity, Growth, and Security Initiative in 2015 to fund a range of priorities, including a number of grant programs, some of which are mentioned later in this chapter.

Federal grants help State and local governments finance programs covering most areas of domestic public spending including infrastructure, education, social services, and public safety. The term for these broad purposes in the Budget is "functions." The distribution of grant spending in 2015 among functions remains similar to recent years. Of total proposed grant spending in 2015, 55.7 percent 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, 17.0 percent of Federal aid is estimated to go to income security programs; 10.8 percent to education, training, and social services; 10.5 percent to transportation; 2.7 percent to community and regional development; and 3.3 for all other functions. Section A. of Table 15-1 (on the next page), Trends in Federal Grants to State and Local Governments, shows actual spending at the start of each decade since 1960, actual spending for 2013, and estimates for 2014 and 2015 by budget function.

The Federal budget also classifies grant spending by BEA category—mandatory and discretionary. 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. Funding levels for discretionary grant programs are determined annually through appropriations acts.[10] Section B. of Table 15-1 shows the distribution of grants between mandatory and discretionary spending.

Outlays for mandatory grant programs were $404.0 billion in 2013. The three largest mandatory grant programs in 2013 were Medicaid, with outlays of $265.4 billion; Child Nutrition programs, which include the School Breakfast Program, the National School Lunch Program and others, $19.3 billion; and Temporary Assistance for Needy Families, $17.1 billion.[11] Outlays for mandatory grant programs in 2014 were $414.5 billion, a 2.6 percent increase. In 2015 grants-in-aid with mandatory funding are estimated to have outlays of $468.1 billion, an increase of 12.9 percent from 2014.[12]

Outlays for discretionary grant programs were $142.2 billion in 2013. The three largest discretionary programs in 2013 were Federal-Aid Highways, $40.8 billion; Tenant Based Rental Assistance, $18.0 billion; and Accelerating Achievement and Ensuring Equity (Education for the Disadvantaged), $16.7 billion.[13] Outlays for discretionary grant programs in 2014 are estimated to be $192.8 billion, an increase of 35.6 percent. In 2015, grants-in-aid with discretionary funding are estimated to have outlays of $173.7 billion, a decrease of 10.4 percent from 2014.[14]

[7] Ibid.

[8] Ibid. p. vii.

[9] Ibid.

[10] For more information on these categories, see Chapter 9, "Budget Concepts," in this volume.

[11] Obligation data by State for programs in each of these budget accounts is found in the appendix to this chapter.

[12] The year-to-year pattern of mandatory and discretionary grant spending is heavily influenced by the Budget's proposal to reclassify surface transportation programs from discretionary to mandatory. Mandatory outlays for grants outside the transportation function are estimated to increase by 13.9 percent from 2013 to 2014, and increase by 9.8 percent from 2014 to 2015.

[13] Obligation data by State for programs in each of these budget accounts is found in the appendix to this chapter.

[14] As stated in footnote number 13, the year-to-year pattern of mandatory and discretionary grant spending is heavily influenced by the Budget's proposal to reclassify surface transportation programs from discretionary to mandatory. Discretionary outlays for grants outside the transportation function are estimated to increase by 7.5 percent from 2013 to 2014, and then to decrease by 6.8 percent from 2014 to 2015. The decrease in 2015 is largely due to the phase out of one-time outlays in 2014 for disaster relief and education programs.

Table 15–1. TRENDS IN FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS

(Outlays in billions of dollars)

	Actual								Estimate	
	1960	1970	1980	1990	2000	2005	2010	2013	2014	2015
A. Distribution of grants by function:										
Natural resources and environment	0.1	0.4	5.4	3.7	4.6	5.9	9.1	7.3	6.3	6.5
Agriculture	0.2	0.6	0.6	1.3	0.7	0.9	0.8	0.7	1.2	1.0
Transportation	3.0	4.6	13.0	19.2	32.2	43.4	61.0	60.5	62.8	67.2
Community and regional development	0.1	1.8	6.5	5.0	8.7	20.2	18.8	16.8	22.2	17.4
Education, training, employment, and social services	0.5	6.4	21.9	21.8	36.7	57.2	97.6	62.7	67.4	69.3
Health	0.2	3.8	15.8	43.9	124.8	197.8	290.2	283.0	329.8	357.0
Income security	2.6	5.8	18.5	36.8	68.7	90.9	115.2	102.2	104.0	109.1
Administration of justice	....	*	0.5	0.6	5.3	4.8	5.1	4.6	4.9	4.7
General government	0.2	0.5	8.6	2.3	2.1	4.4	5.2	4.0	4.2	4.1
Other	*	0.1	0.7	0.8	2.1	2.6	5.4	4.4	4.4	4.4
Total	**7.0**	**24.1**	**91.4**	**135.3**	**285.9**	**428.0**	**608.4**	**546.2**	**607.2**	**640.8**
B. Distribution of grants by BEA category:										
Discretionary	N/A	10.2	53.3	63.3	116.7	181.7	207.7	142.2	192.8	172.7
Mandatory	N/A	13.9	38.1	72.0	169.2	246.3	400.7	404.0	414.5	468.1
Total	**7.0**	**24.1**	**91.4**	**135.3**	**285.9**	**428.0**	**608.4**	**546.2**	**607.2**	**640.8**
C. Composition:										
Current dollars:										
Payments for individuals [1]	2.5	8.7	32.6	77.3	182.6	273.9	384.5	375.8	423.1	454.2
Physical capital [1]	3.3	7.1	22.6	27.2	48.7	60.8	93.3	78.4	84.2	85.5
Other grants	1.2	8.3	36.2	30.9	54.6	93.3	130.6	92.0	100.0	101.1
Total	**7.0**	**24.1**	**91.4**	**135.3**	**285.9**	**428.0**	**608.4**	**546.2**	**607.2**	**640.8**
Percentage of total grants:										
Payments for individuals [1]	35.3%	36.2%	35.7%	57.1%	63.9%	64.0%	63.2%	68.8%	69.7%	70.9%
Physical capital [1]	47.3%	29.3%	24.7%	20.1%	17.0%	14.2%	15.3%	14.4%	13.9%	13.3%
Other grants	17.4%	34.5%	39.6%	22.8%	19.1%	21.8%	21.5%	16.8%	16.5%	15.8%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Constant (FY 2009) dollars:										
Payments for individuals [1]	14.2	39.8	75.8	115.9	221.2	298.8	378.5	349.3	387.8	408.6
Physical capital [1]	23.8	38.2	54.7	45.7	68.6	74.2	93.7	74.0	77.9	76.8
Other grants	14.4	64.7	134.1	62.8	77.1	107.5	130.9	86.3	92.0	90.4
Total	**52.4**	**142.7**	**264.7**	**224.3**	**366.9**	**480.4**	**603.0**	**509.7**	**557.8**	**575.7**
D. Total grants as a percent of:										
Federal outlays:										
Total	7.6%	12.3%	15.5%	10.8%	16.0%	17.3%	17.6%	15.8%	16.6%	16.4%
Domestic programs [2]	18.0%	23.2%	22.2%	17.1%	22.0%	23.5%	23.4%	20.6%	21.3%	20.9%
State and local expenditures	14.3%	19.6%	27.3%	18.7%	21.8%	23.5%	26.4%	23.2%	N/A	N/A
Gross domestic product	1.3%	2.3%	3.3%	2.3%	2.8%	3.3%	4.1%	3.3%	3.5%	3.5%
E. As a share of total State and local gross investments:										
Federal capital grants	24.6%	25.4%	35.4%	21.9%	22.0%	22.0%	27.5%	23.8%	N/A	N/A
State and local own-source financing	75.4%	74.6%	64.6%	78.1%	78.0%	78.0%	72.5%	76.2%	N/A	N/A
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**		

* $50 million or less.

N/A: Not available at publishing.

1 Grants that are both payments for individuals and physical capital are shown under capital investment.

2 Excludes national defense, international affairs, net interest, and undistributed offsetting receipts.

HIGHLIGHTS OF FEDERAL AID TO STATES AND LOCALITIES

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 grants in every budget account can be found in Table 15-2, organized by functional category and by Federal agency. This table, formerly printed in this chapter, is available on the OMB web site at www.budget.gov/budget/Analytical_Perspectives and on the Budget CD-ROM.

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 2015.

The Budget represents an unprecedented commitment to America's natural heritage through investments in Land and Water Conservation Fund (LWCF) programs. The proposal includes full funding for LWCF programs in the Department of the Interior (DOI) and USDA and, similar to last year's proposal, includes a mix of discretionary and mandatory funding in 2015 to transition to all mandatory funding beginning in 2016. Starting in 2015, the Budget proposes to invest $900 million annually, equal to the amount of receipts deposited in the LWCF each year. In 2015, $575 million is proposed to conserve lands in or near national parks, refuges, forests, and other public lands, including collaborative LWCF funds for DOI and the U.S. Forest Service to jointly and strategically conserve the most critical landscapes. This funding will provide the stability needed for agencies and States to make strategic, long-term investments in our natural infrastructure and outdoor economy to support jobs, preserve natural and cultural resources, bolster outdoor recreation opportunities, and protect wildlife. Such investments support the President's America's Great Outdoors Initiative to promote job creation and economic growth by strengthening our natural infrastructure for outdoor recreation and enjoyment. Other America's Great Outdoors programs 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 our cultural and natural legacy.

In recent years, honey bee colony collapse disorder and other pollinator declines have led to rising concerns among both the scientific and agricultural communities regarding the health of these insect populations, the risks posed to pollinator services and the implications for agriculture. To help combat this multi-faceted problem, the Budget provides $50 million across multiple agencies within the Department of Agriculture (USDA) to enhance research through intramural projects, public-private research grants, to strengthen pollinator habitat in core areas, to double the number of acres in the Conservation Reserve Program that are dedicated to pollinator health, and to increase funding for surveys to determine the impacts on pollinator losses.

The Budget calls for a fundamental change in how wildfire suppression is funded to help reduce fire risk, manage landscapes more holistically and increase the resiliency of our Nation's forests and rangelands and the communities that border them. Since responsibility for improving community resilience to wildland fires is the responsibility of Federal, State, local, and Tribal governments and homeowners, the Budget also targets funding for fuels management and certain State programs to communities that implement programs to reduce fire risk on non-Federal lands, including improved building standards for fire resiliency and defensible spaces.

The Budget increases support for the Environmental Protection Agency's (EPA) partnership with States and Tribes. Under the Clean Water Act (CWA), the Clean Air Act (CAA), and other Federal environmental laws, EPA sets standards and enforceable pollution limits and establishes best practices to ensure human health and the environment are protected. States and localities implement the rules while taking into account each State's specific needs, while addressing the public health and environmental standards and requirements. Categorical grants to States and Tribes to implement their delegated authorities are funded at $1.1 billion, $76 million above the 2014 enacted level. Within these totals, funding is increased in priority areas including $20 million for State implementation of the President's Climate Action Plan, $31 million to build Tribal capacity and assist Tribes in leveraging other EPA and Federal funding, and $18 million for activities including water permitting and improving nutrient management.

The Budget builds on existing collaboration of EPA and its partners to improve water quality across the United States while utilizing new approaches. For example, over the past two years, EPA, USDA, and State water quality agencies have collaborated to select more than 150 priority watersheds, where voluntary conservation programs could help reduce water impairments from non-point source pollution. The Budget builds upon this collaboration by having agencies work with key Federal partners, agricultural producer organizations, conservation districts, States, Tribes, non-governmental organizations, and other local leaders to implement a monitoring framework and begin collecting baseline performance data to demonstrate that this focused and coordinated approach can achieve significant improvements in water quality. In addition, in 2015, EPA will work to develop tools to improve measurement of water quality and expand technical assistance efforts for communities to develop effective stormwater plans. Through its water quality programs and through the Clean Water State Revolving Fund, EPA will promote green infrastructure approaches such as green roofs, rain gardens, wetlands and forest buffers, all of which can help to effectively meet CWA requirements and protect and restore the Nation's resources for safe drinking water, recreation and economic development.

The Budget provides $1.775 billion for the Clean Water and Drinking Water State Revolving Funds (SRFs), $581 million below the 2014 enacted level. The budget proposes a reduction to focus on communities most in need of assistance but will still allow the SRFs to finance approximately $6 billion in wastewater and drinking water infrastructure projects annually. Nearly $60 billion has been provided for the programs to date, including over $21 billion since 2009. Going forward, EPA will continue efforts to target assistance to small and underserved communities that have a limited ability to repay loans, including Tribes.

Transportation

Grant outlays in support of transportation programs are estimated to be $67.2 billion in 2015.

To spur economic growth and allow States to initiate sound multi-year investments, the Budget proposes a four-year, $302 billion surface transportation reauthorization proposal to support critical infrastructure projects and create jobs while improving America's roads, bridges, transit systems, and railways. The reauthorization proposal will also include reforms to improve the review process and delivery of infrastructure projects; support American exports by improving movement within our country's freight networks; increase economic mobility by linking economically isolated communities to job opportunities; permanently authorize the TIGER grant program to help spur innovation by competitively awarding funding to projects around the Nation; improve regional coordination by Metropolitan Planning Organizations to stimulate economic development; and advance the Climate Action Plan by building more resilient infrastructure and reducing transportation emissions by shifting travel growth from roads to transit.

The Administration's four-year reauthorization plan would dedicate approximately $4 billion for a competitive grant program, Fixing and Accelerating Surface Transportation, designed to create incentives for State and local partners to adopt critical reforms in a variety of areas, including safety and peak traffic demand management. Federally-inspired safety reforms, such as seat belt and drunk-driving laws, have saved thousands of lives and avoided billions in property losses. This initiative will seek to repeat past successes across the complete spectrum of transportation policy priorities. Specifically, the Department will work with States and localities to set ambitious goals in different areas—implementing distracted driving safety requirements or modifying transportation plans to include mass transit, bike, and pedestrian options—and tie resources to goal-achievement.

Too many elements of the U.S. surface transportation infrastructure—our highways, bridges, and transit assets—fall short of a state of good repair. This can impact the capacity, performance, and safety of our transportation system. At the same time, States and localities have incentives to emphasize new investments over improving the condition of the existing infrastructure. The Administration's reauthorization proposal will underscore the importance of preserving and improving existing assets, encouraging government and industry partners to make optimal use of current capacity, and minimizing life-cycle costs through sound asset management principles. Accountability is a key element of this system, as States and localities will be required to report on highway condition and performance measures.

The Budget provides $10 billion over four years for a dedicated regional freight infrastructure investment program to support multi-modal, corridor-based projects designed to eliminate existing freight transportation bottlenecks and improve the efficiency of moving goods in support of the President's National Export Initiative. The Budget also provides $19.1 billion over four years to fund the development of high-performance rail and other passenger rail programs as part of an integrated national transportation strategy. The proposal also benefits freight rail and significantly restructures Federal support for Amtrak to increase transparency, accountability, and performance.

The Budget nearly doubles annual transit investment over the prior reauthorization, with resources supporting both existing capacity and capacity expansion (New Starts) in projects involving bus rapid transit, subway, light rail, and commuter rail systems. These investments are driven by data showing that demand for public transit continues to climb, and would represent a historic increase in transit funding. Additional funding would enable a major expansion of new transit projects in suburbs, fast-growing cities, small towns, and rural areas across the country, while meeting the growing needs of established, and aging, transit systems, which will improve the quality of life in our neighborhoods and communities by providing affordable transportation options. All of these efforts will also help ensure that workers can access jobs, supporting economic mobility and opportunity.

To ensure the highest safety standards for the U.S. pipeline system, the Budget proposes a Pipeline Safety Reform initiative to both enhance and revamp the Department's Pipeline Safety program. The need for reform is acute; pipeline safety inspectors, who work in collaboration with State partners, are spread too thinly across the 2.6 million miles of pipeline, and the current staffing levels cannot ensure prompt investigations following incidents. The Budget increases funding for the State Pipeline Safety Grant program, institutes reforms to the Federal program, and funds the next phase of a multi-year effort to more than double the number of Federal pipeline safety inspectors. In addition, the Budget modernizes pipeline data collection, mapping capabilities and analysis, improves Federal investigation of pipeline accidents of all sizes, and expands public education and outreach.

Community and Regional Development

Grant outlays for community and regional development programs are estimated to be $17.4 billion in 2015.

The Budget provides $2.8 billion for the Community Development Block Grant (CDBG) program and $950 million for the HOME Investment Partnerships Program. These funding levels represent a total decrease of $280 million below the 2014 enacted level for these two programs. However, the Budget also proposes a series of reforms to improve each program's performance by eliminating small grantees, thereby improving efficiency, driving regional coordination, and supporting grantees in making strategic, high-impact investments that address local community goals.

The Budget also proposes reforms to the economic development grants within the Economic Development Administration (EDA) to ensure grantees demonstrate measurable progress in achieving economic development goals, and provides EDA the flexibility to award catalytic grants tailored to address communities' specific economic needs, delivering the greatest impact for distressed regions.

The Budget provides $58 million for a new economic development grant program, within USDA, designed to target small and emerging private businesses and cooperatives in rural areas. The program will utilize performance targets and evidence of what works best to create jobs and foster economic growth, strengthening the agency's grant allocation and evaluation process. It is anticipated that this new program will aid in creating or saving nearly 14,000 jobs and assisting more than 10,000 businesses. Roughly 25 percent of rural households lack access to high-speed Internet. The Budget proposes to double the current funding for broadband grants that serve the neediest, most rural communities, which are least likely to have access to high-speed broadband infrastructure sufficient for economic development. This level of funding is anticipated to support 16 rural communities.

First responders are at the forefront of addressing natural disasters and other threats. The Budget provides $2.2 billion for State, local, and Tribal governments to hire, equip, and train first responders and build preparedness capabilities. To better target these funds, the Budget proposes to eliminate duplicative, stand-alone grant programs within the Department of Homeland Security, consolidating them into the National Preparedness Grant Program. This initiative is designed to build, sustain, and leverage core capabilities as established in the National Preparedness Goal. The National Preparedness Grant Program will apply a comprehensive process that identifies and prioritizes deployable capabilities, ensures grantees put funding to work more quickly, and requires grantees to regularly report progress in the acquisition and development of these capabilities.

Education, Training, Employment, and Social Services

Grant outlays for education, training, employment, and social service programs are estimated to be $69.3 billion in 2015.

The Budget maintains support for the landmark 2014 Preschool for All proposal to ensure four-year-olds across the Nation have access to high-quality preschool programs. The proposal, financed through an increase in the tobacco tax, establishes a Federal-State partnership to provide all low- and moderate-income four-year-old children with high-quality preschool, while providing States with incentives to expand these programs to reach additional children from middle class families and put in place full-day kindergarten policies. To support this effort, the Budget also proposes to double the current discretionary investment in Preschool Development Grants to $500 million in 2015. An additional $250 million would be provided through the Opportunity, Growth, and Security Initiative for a total discretionary investment of $750 million. These grants will ensure that States and localities willing to commit to expanding preschool access are able to make the critical investments necessary to support high-quality programs. The preschool initiative is coupled with companion investments in the Department of Health and Human Services (HHS) voluntary home visiting and high-quality early care and education for infants and toddlers, described further below.

The Department of Education has focused its reforms on building evidence and improving outcomes. The Department's most mature reforms are its signature K-12 initiatives—Race to the Top (RTT), Investing in Innovation (i3), School Improvement Grants (SIG), the Teacher Incentive Fund (TIF), and Promise Neighborhoods—which have contributed to a sea change in how schools across the country deliver education. The Budget continues to invest in these priority programs, the successes of which are now becoming apparent. The President named the first five Promise Zones in January 2014, and 15 other communities will be created in the year ahead. In support of the goals of this initiative, the Budget requests $100 million to support current Promise Neighborhoods and create up to five more and includes $200 million in the Opportunity, Growth, and Security Initiative to support another 35 awards.

The Budget includes a new proposal that acts on the findings in the final 2013 report of the Equity and Excellence Commission by proposing a new $300 million RTT Equity and Opportunity competition centered on closing the achievement gap. The RTT initiative will link together State and local fiscal, student achievement, and human resource data systems, allowing them to work in concert to provide underserved students access to high-quality teachers and leaders, coursework, and other evidence-based supports. RTT Equity and Opportunity grants will reward tracking resources at the school level and using data, including return on investment metrics, to target intensive interventions to schools that most need the extra help. The initiative will also leverage resources from other Federal programs, such as Title I Grants and the State Longitudinal Data Systems, which the Budget proposes to double in funding to $70 million.

In addition, the Budget maintains significant investments in Title I Grants and IDEA Grants to States to ensure communities receive a critical base of support for their low-income and high-need students. The Budget also provides $150 million for a new program to redesign high schools to focus on providing students challenging, relevant learning experiences, and $200 million for the ConnectEDucators program to ensure that students receive the full benefit of the next-generation broadband and wireless connections in their schools and libraries.

The Budget also proposes $5 billion in mandatory funds for RESPECT (Recognizing Educational Success, Professional Excellence, and Collaborative Teaching) grants to support teachers by improving preparation and early career assistance; helping teachers as they lead the transition to college- and career-ready standards; and ensuring that teachers have a supportive work environment.

In addition, the Budget proposes $4 billion in mandatory funds for a new competitive grant program, the State Higher Education Performance Fund. This fund will support States that are committed to investing in higher education and improving performance and outcomes at their public higher education institutions.

Within the Department of Labor, the Budget invests more than $3 billion in formula grants to States and localities to provide training and employment services to more than 20 million Americans at 2,500 American Job Centers across the country. The Opportunity, Growth, and Security Initiative would add another $750 million to restore prior cuts to these grants; increase the investment in innovation, evidence-based practices, and performance in the workforce system; and provide additional funding for programs that serve populations with significant barriers to employment, including Native Americans, ex-offenders, and people with disabilities.

The Budget invests an amount equal to five percent of Workforce Investment Act (WIA) formula grants in driving innovation and performance at the State and local level through: (1) $60 million in the Workforce Innovation Fund, to support innovative State and regional approaches to service delivery, and (2) $80 million for improved Incentive Grants to reward States that succeed through their WIA programs in serving workers with the greatest barriers to employment. Combined, these funds will fuel innovative approaches to workforce system service delivery and incentivize better program coordination to serve those who need the most help to find high-quality jobs.

The Budget proposes to include in the Opportunity, Growth, and Security Initiative $1.5 billion in 2015 to support a four-year, $6 billion Community College Job-Driven Training Fund, which will offer competitive grants to partnerships of community colleges, public and non-profit training entities, industry groups, and employers to launch new training programs and apprenticeships that will prepare participants for in-demand jobs and careers. The fund will also help to create common credentials and skill assessments to allow employers to more easily identify and hire qualified candidates. Five hundred million dollars of each year's funding will be set aside for grants to States and regional consortia to create new apprenticeships and increase participation in existing apprenticeship programs. This four-year investment would support doubling the number of apprenticeships in America over the next five years. The Budget also invests $2.5 billion in mandatory funding for Summer Jobs Plus, which will fund summer and year-round job opportunities for 600,000 youth as well as innovation grants aimed at improving skills and career options for disadvantaged youth.

The Administration is also exploring opportunities to reform the job training system to streamline access, more fully engage employers to ensure that training is well matched to jobs, and improve efficiency and outcomes. For example, the Budget proposes a New Career Pathways program that will reach as many as one million workers a year with a set of core services, combining the best elements of two existing programs—Trade Adjustment Assistance for Workers and WIA Dislocated Workers. The Administration is proposing strong accountability for outcomes and ensuring that the needs of all job-seekers and workers, including those with barriers to employment, continue to be met.

The Budget supports initiatives that will help every child reach his or her potential and strengthen the Nation's competitiveness. This includes $650 million in the base program budget and $800 million in the Opportunity, Growth, and Security Initiative for Early Head Start-Child Care Partnerships, to provide access to high-quality infant and toddler care for more than 100,000 children, and additional resources in the Opportunity, Growth, and Security Initiative to support Head Start grantees who are expanding program duration and investing in teacher quality.

The Community Services Block Grant (CSBG) provides funding for the important work of community action agencies, but the program's current structure does little to hold these agencies accountable for outcomes. The Budget provides $350 million for CSBG and proposes to competitively award funds to high-performing agencies that are most successful at meeting community needs.

Health

Grant outlays for health related programs are estimated to be $357.0 billion in 2015.

The Budget includes $164 million to support the President's Now is the Time initiative, a plan to protect our children and our communities by reducing gun violence, to expand mental health treatment and prevention services across the Substance Abuse and Mental Health Services Administration (SAMHSA) and Centers for Disease Control and Prevention (CDC). The Now is the Time initiative includes $55 million for Project AWARE (Advancing Wellness and Resilience in Education) to help States and communities implement plans to keep schools safe and refer students with behavioral health challenges to the services they need as well as to provide Mental Health First Aid training in schools and communities to equip adults who work with youth to detect signs of mental illness; $50 million to train 5,000 new mental health professionals to serve students and young adults; $20 million for Healthy Transitions to help support transitioning youth (ages 16-25) and their families in accessing and navigating behavioral health treatment systems; and $5 million to change the attitudes of Americans about behavioral health workforce needs.

Medicaid is critically important to providing health care coverage to the neediest Americans, and the Administration strongly supports State efforts to expand Medicaid with the increased Federal funding provided in the Affordable Care Act. The Budget strengthens Medicaid and the Children's Health Insurance Program (CHIP) by providing tools to States, Territories, and the Federal government to fight fraud, waste, and abuse, and make it easier for eligible children to get and maintain coverage. The Budget also includes other program improvements aimed at improving efficiency and effectiveness as States expand Medicaid. The Administration remains committed to providing affordable, comprehensive coverage for children covered by CHIP and the Budget proposes to extend the CHIP performance bonus fund in anticipation of work with Congress to ensure their coverage.

The Budget makes room for new investments through a series of eliminations and reductions among public health programs that we can no longer afford, such as terminating the Preventive Health and Health Services Block Grant (PHHSBG). The PHHSBG is duplicative with existing activities that could be more effectively implemented through targeted programs within CDC.

Income Security

Grant outlays for income security programs are estimated to be $109.1 billion in 2015.

The Budget makes an investment of $158 million in reemployment and eligibility assessments and reemployment services (REA/RES), an evidence-based approach to speed the return to work of Unemployment Insurance (UI) beneficiaries. This investment would reach those who are most likely to exhaust their UI benefits, as well as all recently separated veterans transitioning to civilian jobs.

The Budget also provides $2 billion in mandatory funding to encourage States to adopt Bridge to Work programs, which would allow individuals to continue receiving their weekly UI check while participating in a short-term work placement; and support other strategies for getting UI claimants back to work more quickly. In addition, the Budget provides $4 billion in mandatory funding to support partnerships between businesses and education and training providers to train approximately 1 million long-term unemployed workers for new jobs.

Too many American workers must make the painful choice between the care of their families and a paycheck they desperately need. While the Family and Medical Leave Act allows many workers to take job-protected unpaid time off, millions of families cannot afford to use unpaid leave. A handful of States have enacted policies to offer paid family leave, but more States should have the chance to follow their example. The Budget supports a $5 million State Paid Leave Fund to provide technical assistance and support to States that are considering paid leave programs. The Opportunity, Growth, and Security Initiative would provide an additional $100 million to support this effort.

The Budget includes $20.0 billion for the Housing Choice Voucher program to help more than 2.2 million low-income families afford decent housing in neighborhoods of their choice. This funding level not only supports all existing vouchers, but restores reductions in assisted housing units that resulted from the 2013 sequestration and provides an additional 40,000 new vouchers including 10,000 for homeless veterans.

The Budget provides $2.4 billion for Homeless Assistance Grants. This funding supports new permanent supportive housing units and maintains over 330,000 HUD-funded beds that assist the homeless nationwide. In addition, under the Housing Choice Voucher program, the Budget proposes $75 million to expand assistance under the Department of Veterans Affairs Supportive Housing (HUD-VASH) program to 10,000 homeless veterans. Supported by the collection of robust data and using best practices from across the country, this evidence-based investment will continue to make progress towards two of the President's homelessness goals, providing the resources needed to end Veterans homelessness by 2015 and to end chronic homelessness by 2016. Between 2010 and 2013, homelessness among Veterans declined by 24 percent, and the total number of individuals experiencing chronic homelessness on a single night declined by 15.7 percent.

To support affordable housing priorities, the Budget also proposes an investment of $1 billion in mandatory funding for the Housing Trust Fund.

The Budget also includes $9.7 billion for the Project-Based Rental Assistance program to maintain affordable rental housing for 1.2 million families. This amount is sufficient to continue assistance to the same number of units currently subsidized. Further, the Budget provides $6.5 billion in operating and capital subsidies to preserve affordable public housing for 1.1 million families.

An additional $10 million for the Rental Assistance Demonstration (RAD) will be targeted to public housing properties in high-poverty neighborhoods, including designated Promise Zones, where the Administration is also supporting comprehensive revitalization efforts. RAD leverages private financing to reduce backlogs of capital repairs and the Budget proposes to eliminate the cap on the number of units eligible for this demonstration.

The Budget provides an increase of $120 million for Choice Neighborhoods, a program that works to change neighborhoods of concentrated poverty into opportunity-rich, mixed-income neighborhoods. This funding level will be used to revitalize HUD-assisted housing and surrounding neighborhoods through partnerships between local governments, housing authorities, nonprofits, and for-profit developers. Preference for these funds will be given to designated Promise Zones. To further support Promise Zones, the Budget includes companion investments of $100 million in the Department of Education's Promise Neighborhoods program and $29.5 million in the Department of Justice's Byrne Criminal Justice Innovation Grants program, as well as tax incentives to promote investment, jobs and economic growth. To help public housing residents increase their employment and earnings potential, the Budget also provides $25 million for the evidence-based Jobs-Plus program. Through Jobs-Plus, public housing residents receive on-site employment and training services, financial incentives that encourage work and "neighbor-to-neighbor" information-sharing about job openings, training and other employment-related opportunities. Rigorous evaluations have found that this program improves employment outcomes for public housing residents who participate in the program.

The Budget also proposes funding for HUD programs in the Opportunity, Growth, and Security Initiative to fully grow our economy and create opportunity. The Initiative includes an additional $125 million for Jobs-Plus to increase employment opportunities for a total of 50,000 public housing residents. It also includes an additional $280 million for Choice Neighborhoods and $75 million for Integrated Planning and Investment Grants. These investments will help fully realize the President's vision for Promise Zones, and assist communities to develop comprehensive housing and transportation plans that help expand economic opportunity.

The Administration strongly supports the Supplemental Nutrition Assistance Program (SNAP) and other programs that reduce hunger and help families meet their nutritional needs. SNAP, administered by the USDA, is the cornerstone of our Nation's nutrition assistance safety net, touching the lives of 47 million Americans, the majority of whom are children, the elderly, or people with disabilities. In addition to supporting SNAP, the Budget also invests $30 million to support summer electronic benefit pilots, which are proving successful in reducing childhood hunger and improving nutrition in the months when school meals are unavailable.

The Budget supports the ongoing implementation of the Healthy, Hunger-Free Kids Act of 2010 with an increased investment of $35 million in school equipment grants to aid in the provision of healthy meals and continued support for other school-based resources. The Budget also provides $6.8 billion to support the 8.7 million individuals expected to participate in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), which is critical to the health of pregnant women, new mothers, infants, and young children. The Budget also supports changes to the WIC food package that will improve consumption of nutritious foods that are important to healthy child development. In addition, the Budget invests $13 million at USDA in a newly authorized Healthy Food Financing Initiative, which will provide funding to improve access to affordable, healthy foods in underserved areas. This complements investments through the Department of Treasury's Community Development Financial Institutions Fund.

The Budget provides $2.8 billion for the Low Income Home Energy Assistance Program to help families with residential heating and cooling costs, including $200 million in contingency funds to address extreme weather conditions or short-term spikes in energy prices and $50 million for competitive grants to reduce energy burdens.

The Budget invests $18 billion over ten years to support access to higher-quality child care. With this level of funding, comprehensive improvements in the quality of child care will not come at the expense of access for working families. Further, the Budget provides additional discretionary and mandatory resources for States to support higher-quality child care, and dedicates $200 million in discretionary funds to improve the quality of child care. In addition, the Budget invests $15 billion in mandatory funds over the next 10 years to extend and expand evidence-based, voluntary home visiting programs, which enable nurses, social workers, and other professionals to connect families to services and educational supports that improve a child's health, development, and ability to learn.

The Budget proposes to modernize the Child Support Enforcement Program, which touches the lives of one-quarter of the Nation's children and helps secure contributions toward their financial and emotional well-being from non-custodial parents. The Budget proposes to change current law to encourage non-custodial parents to take greater responsibility for their children while maintaining rigorous enforcement efforts. The Budget also continues funding for evidence-based models that prevent teenage pregnancy.

The Budget proposes to redirect $602 million in annual Temporary Assistance for Needy Families (TANF) funding to a Pathways to Jobs initiative, which will support State partnerships with employers to provide subsidized job opportunities for low-income individuals. This proved in recent years to be an effective strategy for getting disadvantaged adults back into the workforce, and the Budget proposes to build on that success.

Administration of Justice

Grant outlays for justice programs are estimated to be $4.7 billion in 2015.

The Budget bolsters the Administration's efforts to ensure that more Federal grant funding flows to evidence-based activities in State and local criminal justice. Within the Department of Justice, the Budget increases set-asides for research, evaluation, and statistics; couples the formula Byrne Justice Assistance Grant and Juvenile Accountability Block Grant programs with competitive incentive grants that provide "bonus" funds to States and localities; expands the Pay for Success initiative; adopts a more evidence-based, data-driven use of competitive grant funds; and invests in the expansion of *CrimeSolutions.gov*, a "what works" clearinghouse for best practices in criminal justice, juvenile justice, and crime victim services.

The Budget includes $147 million to help State and local governments continue implementing the Administration's proposals for increasing firearms safety and supporting programs that help keep communities safe from mass casualty violence. Included in these initiatives are $75 million for the Comprehensive School Safety Program, $55 million in grants to improve the submission of State criminal and mental health records to the National Instant Criminal Background Check System, $15 million to improve police officer safety, and $2 million to develop better gun safety mechanisms to prevent the use of firearms by unauthorized users.

The Budget proposes $299.4 million for the Department's Juvenile Justice Programs and includes evidence-based investments to prevent youth violence. This includes $18 million for the Community-Based Violence Prevention Initiative; and $4 million for the National Forum on Youth

Violence Prevention. Further, the Budget makes available $23 million for research and pilot projects focused on developing appropriate responses to youth exposed to violence.

The Budget includes $274 million to support evidence-based community policing in the Nation's local law enforcement agencies. Of the amount provided, $247 million is provided for the hiring and retention of police officers and sheriffs' deputies across the United States. Thirty-five million dollars of the total is set aside for Tribal Law Enforcement to help ensure the safety and security of our tribal partners.

The Budget provides $422.5 million to reinforce efforts to combat and respond to violent crimes against women. These grants play a critical role in helping to create a coordinated community response to this problem. The Budget also provides $35 million for a new grant for communities to develop plans to address their untested sexual assault kits at law enforcement agencies or backlogged at crime labs.

OTHER INFORMATION ON FEDERAL AID TO STATE AND LOCAL GOVERNMENTS

A number of other sources provide State-by-State spending data and other information on Federal grants, but use a slightly difference concept of grants.

The website *Grants.gov* is a primary source of information for communities wishing to apply for grants and other domestic assistance. *Grants.gov* hosts all open notices of opportunities to apply for Federal grants.

The *Catalog of Federal Domestic Assistance* hosted by the General Services Administration contains detailed listings 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*.

Current and updated grant receipt information by State and local governments and other non-Federal entities can be found on *USAspending.gov*. This public website also contains contract and loan information and is updated twice per month. Additionally, information about grants provided specifically by the Recovery Act can be found on *Recovery.gov*.

Prior to the creation of *USAspending.gov*, the Bureau of the Census in the Department of Commerce provided data on public finances and has published data on Federal aid to State and local governments in the *Consolidated Federal Funds* and *Report Federal Aid to States* report. However, the Federal Financial Statistics program was terminated so there are no new reports after 2010.

The Federal Audit Clearinghouse maintains an on-line database *(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, produces 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, which are available at *bea.gov/national*, include data on Federal grants to State and local governments.

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 89 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 Treasury budget account number from which the program is funded.
- Actual 2013 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.
- Obligations in 2014 from balances of previous budget authority and obligations in 2014 from new budget authority distributed by State.
- Estimates of 2015 obligations by State, which are based on the 2015 Budget request, unless otherwise noted.
- The percentage share of 2015 estimated program funds distributed to each State.

Table 15–3. SUMMARY OF PROGRAMS BY AGENCY, BUREAU, AND PROGRAM
(Obligations in millions of dollars)

Agency, Bureau, and Program	FY 2013 (actual)	Estimated FY 2014 obligations from: Previous authority	New authority	Total	FY 2015 (estimated)
Department of Agriculture, Food and Nutrition Service					
School Breakfast Program (10.553)	3,610	....	3,713	3,713	3,905
National School Lunch Program (10.555)	11,053	848	10,634	11,482	11,675
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) (10.557)	6,830	294	6,604	6,898	7,033
Child and Adult Care Food Program (10.558)	3,083	....	3,051	3,051	3,150
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Food Stamps) (10.561)	3,975	17	4,349	4,366	4,973
Department of Education, Office of Elementary and Secondary Education					
Title I College-And-Career-Ready Students (Formerly Title I Grants to Local Educational Agencies) (84.010)	13,760	....	14,385	14,385	14,385
Improving Teacher Quality State Grants (84.367)	2,338	....	2,350	2,350	....
Effective Teachers and Leaders State Grants	....	....	....	....	2,000
Department of Education, Office of Special Education and Rehabilitative Services					
Vocational Rehabilitation Grants (84.126)	3,066	....	3,064	3,064	3,335
Special Education-Grants to States (84.027)	10,975	....	11,473	11,473	11,573
Department of Health and Human Services, Centers for Medicare and Medicaid Services					
Children's Health Insurance Program (93.767)	8,939	....	9,514	9,514	10,388
Grants to States for Medicaid (93.778)	286,920	....	313,581	313,581	343,370
Affordable Insurance Exchange Grants (93.525)	2,175	1,268	1,268	2,537	785
Department of Health and Human Services, Administration for Children and Families					
Temporary Assitance for Needy Families (TANF)-Family Assistance Grants (93.558)	16,722	....	16,737	16,737	16,739
Child Support Enforcement-Federal Share of State and Local Administrative Costs and Incentives (93.563)	4,234	....	4,175	4,175	3,929
Low Income Home Energy Assistance Program (93.568)	3,255	....	3,425	3,425	2,800
Child Care and Development Block Grant (93.575)	2,206	....	2,360	2,360	2,417
Child Care and Development Fund-Mandatory (93.596A)	1,239	....	1,239	1,239	1,277
Child Care and Development Fund-Matching (93.596B)	1,678	....	1,678	1,678	2,390
Head Start (93.600)	7,573	....	8,598	8,598	8,868
Foster Care-Title IV-E (93.658)	4,135	....	4,272	4,272	4,344
Adoption Assistance (93.659)	2,278	....	2,384	2,384	2,504
Social Services Block Grant (93.667)	1,613	....	1,578	1,578	1,700
Department of Health and Human Services, Health Resources and Services Administration					
Ryan White HIV/AIDS Treatment Modernization Act-Part B HIV Care Grants (93.917)	1,239	....	1,315	1,315	1,315
Department of Housing and Urban Development, Public and Indian Housing Programs					
Public Housing Operating Fund (14.850)	4,058	....	4,399	4,399	4,486
Section 8 Housing Choice Vouchers (14.871)	17,897	225	19,178	19,403	20,100
Public Housing Capital Fund (14.872)	1,776	83	1,874	1,957	1,879
Department of Housing and Urban Development, Community Planning and Development					
Community Development Block Grant (14.218; 14.225; 14.228; 14.862)	2,959	648	2,463	3,111	2,907
Community Development Block Grant - Disaster Recovery (14.218; 14.228; 14.269)	2,205	3,795	....	3,795	4,296
Department of Labor, Employment and Training Administration					
Unemployment Insurance (17.225)	2,950	....	2,862	2,862	2,855
Department of Transportation, Federal Aviation Administration					
Airport Improvement Program (20.106)	3,047	....	3,168	3,168	2,877
Department of Transportation, Federal Highway Administration					
Highway Planning and Construction (20.205)	40,066	....	41,506	41,506	48,750
Department of Transportation, Federal Transit Administration					
Transit Formula Grants Programs (20.507)	9,070	5,673	3,289	8,962	10,987
Environmental Protection Agency, Office of Water					
Capitalization Grants for Clean Water State Revolving Fund (66.458)	1,422	561	1,362	1,924	1,018
Capitalization Grants for Drinking Water State Revolving Fund (66.468)	927	168	835	1,002	757
Federal Communications Commission					
Universal Service Fund E-Rate	1,751	1,459	461	1,920	2,332
Total	**491,025**	**15,038**	**513,143**	**528,181**	**568,098**

Table 15–4. SUMMARY OF PROGRAMS BY STATE
(Obligations in millions of dollars)

State or Territory	All programs FY 2013 (actual)	Programs distributed in all years				FY 2015 Percentage of distributed total
		Estimated FY 2014 obligations from:			FY 2015 (estimated)	
		Previous authority	New authority	Total		
Alabama	3,027	187	6,912	7,099	7,278	1.38
Alaska	2,174	53	2,124	2,177	2,343	0.44
Arizona	9,132	178	10,158	10,336	11,557	2.19
Arkansas	5,071	59	5,614	5,673	6,767	1.28
California	60,575	1,921	66,014	67,935	70,109	13.27
Colorado	5,261	106	6,010	6,116	6,787	1.28
Connecticut	5,964	329	6,163	6,492	6,715	1.27
Delaware	1,556	49	1,655	1,704	1,675	0.32
District of Columbia	2,779	295	2,796	3,091	3,139	0.59
Florida	20,245	494	21,634	22,128	23,158	4.38
Georgia	12,017	252	12,180	12,432	12,480	2.36
Hawaii	1,929	40	1,979	2,019	2,097	0.40
Idaho	2,126	82	2,229	2,311	1,961	0.37
Illinois	16,929	205	16,573	16,778	17,641	3.34
Indiana	9,113	97	9,642	9,739	10,041	1.90
Iowa	4,091	56	4,081	4,137	4,153	0.79
Kansas	3,034	43	3,189	3,232	3,248	0.61
Kentucky	7,300	65	7,965	8,030	8,910	1.69
Louisiana	7,968	258	8,099	8,358	8,705	1.65
Maine	2,731	30	2,442	2,472	2,477	0.47
Maryland	7,634	167	7,415	7,582	8,060	1.53
Massachusetts	11,686	357	12,544	12,901	13,549	2.57
Michigan	14,428	214	15,946	16,160	17,716	3.35
Minnesota	7,152	139	8,280	8,419	8,960	1.70
Mississippi	5,790	90	6,012	6,102	6,315	1.20
Missouri	9,128	176	9,441	9,617	10,095	1.91
Montana	1,683	15	1,626	1,641	1,732	0.33
Nebraska	2,180	40	2,142	2,182	2,233	0.42
Nevada	2,462	62	2,755	2,817	3,152	0.60
New Hampshire	1,335	24	1,379	1,403	1,376	0.26
New Jersey	12,950	1,118	13,862	14,980	16,617	3.15
New Mexico	3,941	122	4,549	4,671	4,892	0.93
New York	45,323	4,271	50,502	54,773	54,609	10.34
North Carolina	13,394	185	13,520	13,704	13,918	2.64
North Dakota	1,105	40	1,210	1,250	1,404	0.27
Ohio	18,117	173	19,584	19,756	20,469	3.88
Oklahoma	5,419	120	5,665	5,785	5,910	1.12
Oregon	6,106	58	6,690	6,748	7,290	1.38
Pennsylvania	19,860	306	19,714	20,020	20,709	3.92
Rhode Island	1,991	80	2,068	2,148	2,180	0.41
South Carolina	5,998	91	6,514	6,605	6,348	1.20
South Dakota	1,154	13	1,131	1,144	1,190	0.23
Tennessee	9,586	116	10,493	10,609	11,442	2.17
Texas	31,880	631	35,660	36,291	36,703	6.95
Utah	2,909	56	2,997	3,054	3,137	0.59
Vermont	1,537	22	1,470	1,492	1,468	0.28
Virginia	7,811	169	8,086	8,254	8,616	1.63
Washington	8,117	226	7,786	8,012	8,519	1.61
West Virginia	3,684	42	3,987	4,030	4,164	0.79
Wisconsin	7,604	86	7,626	7,712	8,043	1.52
Wyoming	862	8	851	859	877	0.17
American Samoa	121	3	128	131	149	0.03
Guam	185	6	184	189	189	0.04
Northern Mariana Islands	64	2	67	69	70	0.01
Puerto Rico	3,422	192	3,460	3,652	3,589	0.68
Freely Associated States	41	3	41	44	45	0.01
Virgin Islands	170	8	163	171	156	0.03
Indian Tribes	922	8	981	989	1,054	0.20
Total, programs distributed by State in all years	**460,776**	**14,237**	**493,985**	**508,222**	**528,185**	**100.00**
MEMORANDUM:						
Not distributed by State in all years [1]	26,657	801	19,157	19,959	39,913	N/A
Total, including undistributed	487,433	15,038	513,143	528,181	568,098	N/A

[1] The sum of programs not distributed by State in all years.

Department of Agriculture, Food and Nutrition Service **12-3539-0-1-605**

Table 15–5. SCHOOL BREAKFAST PROGRAM (10.553)

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from:			FY 2015 (estimated)	FY 2015 Percentage of distributed total
		Previous authority	New Authority	Total		
Alabama	61,937	....	65,756	65,756	69,147	1.77
Alaska	8,687	....	9,223	9,223	9,698	0.25
Arizona	78,690	....	83,542	83,542	87,851	2.25
Arkansas	44,828	....	47,592	47,592	50,047	1.28
California	428,102	....	454,500	454,500	477,939	12.24
Colorado	38,112	....	40,462	40,462	42,549	1.09
Connecticut	24,815	....	26,345	26,345	27,704	0.71
Delaware	9,573	....	10,163	10,163	10,687	0.27
District of Columbia	9,651	....	10,246	10,246	10,775	0.28
Florida	201,074	....	213,473	213,473	224,482	5.75
Georgia	164,718	....	174,875	174,875	183,893	4.71
Hawaii	11,044	....	11,725	11,725	12,330	0.32
Idaho	16,986	....	18,033	18,033	18,963	0.49
Illinois	123,818	....	131,453	131,453	138,232	3.54
Indiana	67,233	....	71,379	71,379	75,060	1.92
Iowa	22,250	....	23,622	23,622	24,840	0.64
Kansas	25,591	....	27,169	27,169	28,570	0.73
Kentucky	70,447	....	74,791	74,791	78,648	2.01
Louisiana	68,557	....	72,784	72,784	76,538	1.96
Maine	11,071	....	11,754	11,754	12,360	0.32
Maryland	50,299	....	53,401	53,401	56,155	1.44
Massachusetts	41,272	....	43,817	43,817	46,077	1.18
Michigan	97,776	....	103,805	103,805	109,159	2.80
Minnesota	39,922	....	42,384	42,384	44,569	1.14
Mississippi	59,500	....	63,169	63,169	66,427	1.70
Missouri	65,926	....	69,991	69,991	73,601	1.88
Montana	6,925	....	7,352	7,352	7,731	0.20
Nebraska	14,317	....	15,200	15,200	15,984	0.41
Nevada	25,962	....	27,563	27,563	28,984	0.74
New Hampshire	4,945	....	5,250	5,250	5,521	0.14
New Jersey	65,648	....	69,696	69,696	73,290	1.88
New Mexico	37,793	....	40,123	40,123	42,193	1.08
New York	180,152	....	191,260	191,260	201,124	5.15
North Carolina	114,837	....	121,918	121,918	128,206	3.28
North Dakota	4,388	....	4,659	4,659	4,899	0.13
Ohio	105,517	....	112,023	112,023	117,801	3.02
Oklahoma	55,934	....	59,383	59,383	62,446	1.60
Oregon	33,327	....	35,382	35,382	37,207	0.95
Pennsylvania	85,227	....	90,482	90,482	95,149	2.44
Rhode Island	9,073	....	9,632	9,632	10,129	0.26
South Carolina	73,705	....	78,250	78,250	82,285	2.11
South Dakota	6,665	....	7,076	7,076	7,441	0.19
Tennessee	89,268	....	94,772	94,772	99,660	2.55
Texas	493,001	....	523,400	523,400	550,393	14.09
Utah	18,524	....	19,666	19,666	20,680	0.53
Vermont	5,179	....	5,498	5,498	5,782	0.15
Virginia	65,864	....	69,925	69,925	73,531	1.88
Washington	49,701	....	52,766	52,766	55,487	1.42
West Virginia	28,518	....	30,276	30,276	31,838	0.82
Wisconsin	40,249	....	42,731	42,731	44,935	1.15
Wyoming	3,410	....	3,620	3,620	3,807	0.10
American Samoa	....	....	....	....	....	....
Guam	2,544	....	2,701	2,701	2,840	0.07
Northern Mariana Islands	....	....	....	....	....	....
Puerto Rico	33,958	....	36,052	36,052	37,911	0.97
Freely Associated States	....	....	....	....	....	....
Virgin Islands	1,265	....	1,343	1,343	1,412	0.04
Indian Tribes	....	....	....	....	....	....
Undistributed	112,375	....	....	....	....	....
Total	**3,610,150**	**........**	**3,713,453**	**3,713,453**	**3,904,967**	[1] **100.00**

[1] Excludes undistributed obligations.

Department of Agriculture, Food and Nutrition Service **12-3539-0-1-605**

Table 15–6. NATIONAL SCHOOL LUNCH PROGRAM (10.555)

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from: Previous authority	Estimated FY 2014 obligations from: New Authority	Estimated FY 2014 obligations from: Total	FY 2015 (estimated)	FY 2015 Percentage of distributed total
Alabama	197,452	15,227	191,020	206,247	209,719	1.80
Alaska	31,040	2,394	30,029	32,423	32,968	0.28
Arizona	254,525	19,628	246,234	265,862	270,337	2.32
Arkansas	125,301	9,663	121,220	130,883	133,085	1.14
California	1,402,947	108,192	1,357,249	1,465,441	1,490,106	12.76
Colorado	125,241	9,658	121,162	130,820	133,022	1.14
Connecticut	87,101	6,717	84,264	90,981	92,512	0.79
Delaware	30,076	2,319	29,096	31,415	31,944	0.27
District of Columbia	22,668	1,748	21,930	23,678	24,076	0.21
Florida	680,866	52,507	658,688	711,195	723,165	6.19
Georgia	465,865	35,927	450,690	486,617	494,807	4.24
Hawaii	42,732	3,295	41,340	44,635	45,387	0.39
Idaho	50,918	3,927	49,259	53,186	54,081	0.46
Illinois	429,504	33,122	415,514	448,636	456,187	3.91
Indiana	240,406	18,540	232,575	251,115	255,341	2.19
Iowa	94,982	7,325	91,888	99,213	100,883	0.86
Kansas	93,121	7,181	90,088	97,269	98,906	0.85
Kentucky	183,229	14,130	177,261	191,391	194,612	1.67
Louisiana	200,200	15,439	193,679	209,118	212,638	1.82
Maine	32,699	2,522	31,634	34,156	34,730	0.30
Maryland	145,815	11,245	141,065	152,310	154,874	1.33
Massachusetts	155,303	11,977	150,244	162,221	164,951	1.41
Michigan	291,874	22,509	282,367	304,876	310,007	2.66
Minnesota	146,464	11,295	141,693	152,988	155,563	1.33
Mississippi	162,018	12,494	156,741	169,235	172,083	1.47
Missouri	195,085	15,045	188,730	203,775	207,205	1.77
Montana	25,262	1,948	24,439	26,387	26,831	0.23
Nebraska	63,014	4,860	60,961	65,821	66,929	0.57
Nevada	85,306	6,579	82,527	89,106	90,606	0.78
New Hampshire	22,650	1,747	21,912	23,659	24,057	0.21
New Jersey	230,029	17,739	222,536	240,275	244,320	2.09
New Mexico	88,222	6,804	85,348	92,152	93,703	0.80
New York	643,609	49,634	622,645	672,279	683,594	5.86
North Carolina	349,110	26,923	337,738	364,661	370,799	3.18
North Dakota	17,434	1,344	16,866	18,210	18,517	0.16
Ohio	339,814	26,206	328,745	354,951	360,925	3.09
Oklahoma	153,322	11,824	148,328	160,152	162,847	1.39
Oregon	100,528	7,753	97,253	105,006	106,773	0.91
Pennsylvania	315,900	24,362	305,610	329,972	335,525	2.87
Rhode Island	28,877	2,227	27,936	30,163	30,671	0.26
South Carolina	186,864	14,411	180,777	195,188	198,473	1.70
South Dakota	26,793	2,066	25,920	27,986	28,458	0.24
Tennessee	237,292	18,299	229,563	247,862	252,034	2.16
Texas	1,308,486	100,908	1,265,864	1,366,772	1,389,776	11.90
Utah	93,653	7,222	90,602	97,824	99,471	0.85
Vermont	14,364	1,108	13,896	15,004	15,256	0.13
Virginia	213,870	16,493	206,904	223,397	227,157	1.95
Washington	183,637	14,162	177,655	191,817	195,046	1.67
West Virginia	64,771	4,995	62,661	67,656	68,795	0.59
Wisconsin	156,708	12,085	151,604	163,689	166,444	1.43
Wyoming	14,046	1,083	13,588	14,671	14,919	0.13
American Samoa	....	....	....	....	....	....
Guam	7,188	554	6,954	7,508	7,635	0.07
Northern Mariana Islands	....	....	....	....	....	....
Puerto Rico	128,283	9,893	124,104	133,997	136,253	1.17
Freely Associated States	....	....	....	....	....	....
Virgin Islands	5,795	447	5,606	6,053	6,155	0.05
Indian Tribes	....	....	....	....	....	....
Undistributed	60,562	....	....	....	....	....
Total	**11,052,821**	**847,702**	**10,634,202**	**11,481,904**	**11,675,158**	[1] **100.00**

[1] Excludes undistributed obligations.

Department of Agriculture, Food and Nutrition Service **12–3510–0–1–605**

Table 15–7. SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (WIC) (10.557)

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from:			FY 2015 (estimated)	FY 2015 Percentage of distributed total
		Previous authority	New Authority	Total		
Alabama	115,061	4,964	111,398	116,362	118,639	1.69
Alaska	23,714	1,023	22,959	23,982	24,451	0.35
Arizona	126,707	5,467	122,673	128,140	130,647	1.86
Arkansas	70,088	3,024	67,857	70,881	72,267	1.03
California	1,198,573	51,713	1,160,414	1,212,127	1,235,843	17.57
Colorado	75,388	3,253	72,988	76,241	77,732	1.11
Connecticut	46,279	1,997	44,806	46,803	47,718	0.68
Delaware	16,300	703	15,781	16,484	16,807	0.24
District of Columbia	14,867	641	14,394	15,035	15,329	0.22
Florida	366,924	15,831	355,242	371,073	378,334	5.38
Georgia	249,475	10,764	241,532	252,296	257,233	3.66
Hawaii	34,686	1,497	33,582	35,079	35,765	0.51
Idaho	30,757	1,327	29,778	31,105	31,713	0.45
Illinois	224,949	9,705	217,787	227,492	231,944	3.30
Indiana	109,903	4,742	106,404	111,146	113,320	1.61
Iowa	44,192	1,907	42,785	44,692	45,566	0.65
Kansas	51,716	2,231	50,070	52,301	53,324	0.76
Kentucky	102,719	4,432	99,449	103,881	105,913	1.51
Louisiana	121,089	5,224	117,234	122,458	124,854	1.78
Maine	18,443	796	17,856	18,652	19,016	0.27
Maryland	111,258	4,800	107,716	112,516	114,718	1.63
Massachusetts	85,876	3,705	83,142	86,847	88,546	1.26
Michigan	191,363	8,256	185,271	193,527	197,314	2.81
Minnesota	100,022	4,315	96,838	101,153	103,132	1.47
Mississippi	84,988	3,667	82,282	85,949	87,631	1.25
Missouri	100,525	4,337	97,325	101,662	103,651	1.47
Montana	16,348	705	15,828	16,533	16,856	0.24
Nebraska	32,327	1,395	31,298	32,693	33,332	0.47
Nevada	50,880	2,195	49,260	51,455	52,462	0.75
New Hampshire	10,952	473	10,603	11,076	11,293	0.16
New Jersey	146,040	6,301	141,390	147,691	150,581	2.14
New Mexico	43,685	1,885	42,294	44,179	45,043	0.64
New York	484,891	20,921	469,453	490,374	499,969	7.11
North Carolina	198,927	8,583	192,594	201,177	205,113	2.92
North Dakota	10,828	467	10,483	10,950	11,165	0.16
Ohio	182,390	7,869	176,583	184,452	188,061	2.67
Oklahoma	65,730	2,836	63,637	66,473	67,774	0.96
Oregon	77,989	3,365	75,506	78,871	80,414	1.14
Pennsylvania	205,995	8,888	199,437	208,325	212,400	3.02
Rhode Island	19,536	843	18,914	19,757	20,143	0.29
South Carolina	98,303	4,241	95,173	99,414	101,360	1.44
South Dakota	16,343	705	15,823	16,528	16,851	0.24
Tennessee	122,899	5,302	118,986	124,288	126,721	1.80
Texas	533,301	23,009	516,322	539,331	549,884	7.82
Utah	46,848	2,021	45,356	47,377	48,305	0.69
Vermont	13,158	568	12,739	13,307	13,567	0.19
Virginia	101,041	4,359	97,824	102,183	104,183	1.48
Washington	152,472	6,578	147,618	154,196	157,213	2.24
West Virginia	38,405	1,657	37,182	38,839	39,599	0.56
Wisconsin	92,492	3,991	89,547	93,538	95,368	1.36
Wyoming	8,667	374	8,391	8,765	8,937	0.13
American Samoa	7,746	334	7,499	7,833	7,987	0.11
Guam	9,628	415	9,321	9,736	9,927	0.14
Northern Mariana Islands	5,642	243	5,462	5,705	5,817	0.08
Puerto Rico	243,701	10,515	235,942	246,457	251,279	3.57
Freely Associated States	....	....	....	....	....	
Virgin Islands	7,588	327	7,346	7,673	7,824	0.11
Indian Tribes	60,290	2,601	58,371	60,972	62,165	0.88
Undistributed	8,782	....	....	....	....	
Total	**6,829,686**	**294,287**	**6,603,745**	**6,898,032**	**7,033,000**	**[1] 100.00**

[1] Excludes undistributed obligations.

Department of Agriculture, Food and Nutrition Service **12-3539-0-1-605**

Table 15–8. CHILD AND ADULT CARE FOOD PROGRAM (10.558)

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from: Previous authority	New Authority	Total	FY 2015 (estimated)	FY 2015 Percentage of distributed total
Alabama	37,956	....	40,459	40,459	41,773	1.33
Alaska	9,074	....	9,672	9,672	9,986	0.32
Arizona	45,699	....	48,712	48,712	50,294	1.60
Arkansas	57,091	....	60,856	60,856	62,832	1.99
California	329,308	....	351,023	351,023	362,421	11.51
Colorado	23,082	....	24,604	24,604	25,403	0.81
Connecticut	15,291	....	16,299	16,299	16,829	0.53
Delaware	14,523	....	15,481	15,481	15,983	0.51
District of Columbia	7,556	....	8,054	8,054	8,316	0.26
Florida	183,483	....	195,582	195,582	201,933	6.41
Georgia	105,579	....	112,541	112,541	116,195	3.69
Hawaii	6,745	....	7,190	7,190	7,423	0.24
Idaho	6,625	....	7,062	7,062	7,291	0.23
Illinois	133,665	....	142,479	142,479	147,106	4.67
Indiana	48,074	....	51,244	51,244	52,908	1.68
Iowa	28,262	....	30,126	30,126	31,104	0.99
Kansas	32,186	....	34,308	34,308	35,422	1.12
Kentucky	33,306	....	35,502	35,502	36,655	1.16
Louisiana	76,208	....	81,233	81,233	83,871	2.66
Maine	9,654	....	10,291	10,291	10,625	0.34
Maryland	48,652	....	51,860	51,860	53,544	1.70
Massachusetts	58,689	....	62,559	62,559	64,590	2.05
Michigan	65,209	....	69,509	69,509	71,766	2.28
Minnesota	64,228	....	68,463	68,463	70,686	2.24
Mississippi	38,050	....	40,559	40,559	41,876	1.33
Missouri	48,070	....	51,240	51,240	52,904	1.68
Montana	10,257	....	10,933	10,933	11,288	0.36
Nebraska	32,596	....	34,745	34,745	35,874	1.14
Nevada	7,029	....	7,492	7,492	7,736	0.25
New Hampshire	4,282	....	4,564	4,564	4,713	0.15
New Jersey	66,035	....	70,389	70,389	72,675	2.31
New Mexico	32,885	....	35,053	35,053	36,192	1.15
New York	205,019	....	218,538	218,538	225,634	7.16
North Carolina	85,447	....	91,081	91,081	94,039	2.99
North Dakota	9,707	....	10,347	10,347	10,683	0.34
Ohio	90,865	....	96,857	96,857	100,002	3.17
Oklahoma	54,935	....	58,557	58,557	60,459	1.92
Oregon	31,949	....	34,056	34,056	35,162	1.12
Pennsylvania	94,221	....	100,434	100,434	103,695	3.29
Rhode Island	7,807	....	8,322	8,322	8,592	0.27
South Carolina	29,598	....	31,550	31,550	32,574	1.03
South Dakota	9,009	....	9,603	9,603	9,915	0.31
Tennessee	62,807	....	66,949	66,949	69,123	2.19
Texas	295,667	....	315,163	315,163	325,398	10.33
Utah	27,043	....	28,826	28,826	29,762	0.94
Vermont	5,363	....	5,717	5,717	5,902	0.19
Virginia	43,211	....	46,060	46,060	47,556	1.51
Washington	42,776	....	45,597	45,597	47,077	1.49
West Virginia	15,384	....	16,398	16,398	16,931	0.54
Wisconsin	38,603	....	41,149	41,149	42,485	1.35
Wyoming	5,139	....	5,478	5,478	5,656	0.18
American Samoa	....	....	....	....	....	....
Guam	393	....	419	419	433	0.01
Northern Mariana Islands	....	....	....	....	....	....
Puerto Rico	26,393	....	28,133	28,133	29,047	0.92
Freely Associated States	....	....	....	....	....	....
Virgin Islands	1,236	....	1,318	1,318	1,360	0.04
Indian Tribes	....	....	....	....	....	....
Undistributed	221,079	....	....	....	....	....
Total	**3,083,000**	**........**	**3,050,636**	**3,050,636**	**3,149,699**	**[1] 100.00**

[1] Excludes undistributed obligations.

Department of Agriculture, Food and Nutrition Service 12-3505-0-1-605

Table 15–9. STATE ADMINISTRATIVE MATCHING GRANTS FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (FOOD STAMPS) (10.561)

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from:			FY 2015 (estimated)	FY 2015 Percentage of distributed total
		Previous authority	New Authority	Total		
Alabama	40,192	188	48,668	48,856	55,655	1.12
Alaska	11,583	54	14,026	14,080	16,039	0.32
Arizona	63,075	296	76,376	76,672	87,342	1.76
Arkansas	30,417	143	36,831	36,974	42,119	0.85
California	813,371	3,812	984,892	988,704	1,126,300	22.65
Colorado	50,662	237	61,345	61,582	70,153	1.41
Connecticut	40,154	188	48,622	48,810	55,602	1.12
Delaware	12,156	57	14,719	14,776	16,833	0.34
District of Columbia	12,320	58	14,918	14,976	17,060	0.34
Florida	89,600	420	108,495	108,915	124,072	2.49
Georgia	78,638	369	95,221	95,590	108,892	2.19
Hawaii	14,638	69	17,725	17,794	20,270	0.41
Idaho	9,543	45	11,555	11,600	13,214	0.27
Illinois	104,425	489	126,446	126,935	144,601	2.91
Indiana	41,692	195	50,484	50,679	57,732	1.16
Iowa	21,868	102	26,479	26,581	30,281	0.61
Kansas	23,268	109	28,175	28,284	32,220	0.65
Kentucky	45,181	212	54,709	54,921	62,564	1.26
Louisiana	54,387	255	65,856	66,111	75,311	1.51
Maine	10,735	50	12,999	13,049	14,865	0.30
Maryland	53,107	249	64,306	64,555	73,539	1.48
Massachusetts	53,072	249	64,264	64,513	73,490	1.48
Michigan	149,390	700	180,893	181,593	206,865	4.16
Minnesota	55,010	258	66,610	66,868	76,174	1.53
Mississippi	24,801	116	30,031	30,147	34,343	0.69
Missouri	44,971	211	54,454	54,665	62,273	1.25
Montana	12,502	59	15,138	15,197	17,312	0.35
Nebraska	12,331	58	14,931	14,989	17,075	0.34
Nevada	19,406	91	23,498	23,589	26,872	0.54
New Hampshire	7,630	36	9,239	9,275	10,565	0.21
New Jersey	132,645	622	160,617	161,239	183,678	3.69
New Mexico	29,183	137	35,337	35,474	40,411	0.81
New York	356,609	1,671	431,809	433,480	493,808	9.93
North Carolina	90,507	424	109,593	110,017	125,328	2.52
North Dakota	8,395	39	10,165	10,204	11,625	0.23
Ohio	92,516	434	112,025	112,459	128,110	2.58
Oklahoma	42,278	198	51,193	51,391	58,544	1.18
Oregon	71,309	334	86,346	86,680	98,744	1.99
Pennsylvania	168,861	791	204,470	205,261	233,827	4.70
Rhode Island	10,152	48	12,293	12,341	14,058	0.28
South Carolina	25,036	117	30,315	30,432	34,668	0.70
South Dakota	6,948	33	8,413	8,446	9,621	0.19
Tennessee	61,003	286	73,867	74,153	84,473	1.70
Texas	206,452	967	249,988	250,955	285,881	5.75
Utah	23,513	110	28,471	28,581	32,559	0.65
Vermont	9,639	45	11,672	11,717	13,347	0.27
Virginia	99,226	465	120,150	120,615	137,401	2.76
Washington	80,622	378	97,623	98,001	111,640	2.24
West Virginia	15,708	74	19,020	19,094	21,751	0.44
Wisconsin	50,269	236	60,870	61,106	69,609	1.40
Wyoming	4,930	23	5,970	5,993	6,827	0.14
American Samoa	....	....	....	....	....	....
Guam	1,382	6	1,673	1,679	1,914	0.04
Northern Mariana Islands	....	....	....	....	....	....
Puerto Rico	....	....	....	....	....	....
Freely Associated States	....	....	....	....	....	....
Virgin Islands	4,163	20	5,041	5,061	5,765	0.12
Indian Tribes	....	....	....	....	....	....
Undistributed	383,529	....	....	....	....	....
Total	**3,975,000**	**16,833**	**4,348,826**	**4,365,659**	**4,973,222**	[1] **100.00**

[1] Excludes undistributed obligations.

Department of Education, Office of Elementary and Secondary Education **91-0900-0-1-501**

Table 15–10. 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 2013 Actual	Estimated FY 2014 obligations from:			FY 2015 (estimated)	FY 2015 Percentage of distributed total
		Previous authority	New Authority	Total		
Alabama	215,160	....	221,908	221,908	221,859	1.54
Alaska	37,767	....	38,306	38,306	38,066	0.26
Arizona	311,045	....	324,201	324,201	323,656	2.25
Arkansas	147,089	....	158,818	158,818	158,755	1.10
California	1,540,847	....	1,689,377	1,689,377	1,702,866	11.85
Colorado	139,574	....	152,462	152,462	153,546	1.07
Connecticut	107,665	....	115,457	115,457	115,965	0.81
Delaware	42,595	....	44,081	44,081	43,995	0.31
District of Columbia	44,013	....	43,246	43,246	42,752	0.30
Florida	701,541	....	779,308	779,308	787,082	5.48
Georgia	481,412	....	507,962	507,962	509,146	3.54
Hawaii	47,598	....	53,291	53,291	53,861	0.37
Idaho	53,679	....	58,472	58,472	58,807	0.41
Illinois	627,985	....	646,192	646,192	650,414	4.52
Indiana	248,168	....	259,224	259,224	259,363	1.80
Iowa	83,471	....	85,068	85,068	85,192	0.59
Kansas	96,510	....	105,936	105,936	106,464	0.74
Kentucky	210,474	....	221,595	221,595	222,077	1.54
Louisiana	279,286	....	291,414	291,414	290,941	2.02
Maine	48,799	....	52,114	52,114	52,078	0.36
Maryland	181,688	....	197,854	197,854	199,924	1.39
Massachusetts	204,213	....	213,542	213,542	215,009	1.50
Michigan	511,731	....	521,579	521,579	516,098	3.59
Minnesota	145,454	....	145,424	145,424	145,452	1.01
Mississippi	176,722	....	186,682	186,682	185,813	1.29
Missouri	224,772	....	237,023	237,023	236,184	1.64
Montana	42,989	....	44,567	44,567	44,372	0.31
Nebraska	65,230	....	71,408	71,408	71,786	0.50
Nevada	101,368	....	115,750	115,750	117,002	0.81
New Hampshire	39,809	....	42,980	42,980	42,740	0.30
New Jersey	278,123	....	306,191	306,191	306,188	2.13
New Mexico	112,088	....	110,483	110,483	109,653	0.76
New York	1,078,369	....	1,087,979	1,087,979	1,081,393	7.52
North Carolina	379,295	....	413,458	413,458	416,648	2.90
North Dakota	32,448	....	33,194	33,194	33,194	0.23
Ohio	555,292	....	567,393	567,393	565,217	3.93
Oklahoma	148,120	....	154,690	154,690	154,322	1.07
Oregon	145,927	....	147,563	147,563	147,636	1.03
Pennsylvania	532,380	....	553,193	553,193	552,649	3.84
Rhode Island	47,193	....	48,446	48,446	48,126	0.33
South Carolina	205,586	....	214,090	214,090	215,102	1.50
South Dakota	41,482	....	42,170	42,170	42,170	0.29
Tennessee	264,087	....	275,641	275,641	277,379	1.93
Texas	1,311,223	....	1,320,476	1,320,476	1,315,013	9.15
Utah	84,915	....	88,515	88,515	89,327	0.62
Vermont	31,925	....	33,603	33,603	33,603	0.23
Virginia	220,136	....	234,076	234,076	235,002	1.63
Washington	203,756	....	215,576	215,576	215,981	1.50
West Virginia	89,837	....	88,023	88,023	87,972	0.61
Wisconsin	211,698	....	208,626	208,626	207,940	1.45
Wyoming	32,439	....	33,817	33,817	33,817	0.24
American Samoa	10,583	....	10,740	10,740	10,843	0.08
Guam	11,171	....	15,698	15,698	15,848	0.11
Northern Mariana Islands	4,039	....	6,988	6,988	7,055	0.05
Puerto Rico	453,904	....	434,566	434,566	417,397	2.90
Freely Associated States	....	....	....	....	....	....
Virgin Islands	13,473	....	12,125	12,125	10,913	0.08
Indian Tribes	93,299	....	93,257	93,257	94,149	0.65
Undistributed	8,777	....	8,984	8,984	9,000	....
Total	**13,760,219**	**........**	**14,384,802**	**14,384,802**	**14,384,802**	**[1] 100.00**

[1] Excludes undistributed obligations.

Department of Education, Office of Elementary and Secondary Education **91-1000-0-1-501**

Table 15–11. IMPROVING TEACHER QUALITY STATE GRANTS (84.367)

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from: Previous authority	New Authority	Total	FY 2015 (estimated)	FY 2015 Percentage of distributed total
Alabama	36,446	....	36,421	36,421	....	....
Alaska	10,869	....	10,869	10,869	....	....
Arizona	35,693	....	35,640	35,640	....	....
Arkansas	22,067	....	22,107	22,107	....	....
California	254,874	....	255,403	255,403	....	....
Colorado	25,502	....	25,584	25,584	....	....
Connecticut	21,661	....	21,650	21,650	....	....
Delaware	10,869	....	10,869	10,869	....	....
District of Columbia	10,869	....	10,869	10,869	....	....
Florida	103,193	....	103,350	103,350	....	....
Georgia	60,014	....	60,138	60,138	....	....
Hawaii	10,869	....	10,869	10,869	....	....
Idaho	10,886	....	10,900	10,900	....	....
Illinois	94,180	....	93,979	93,979	....	....
Indiana	39,054	....	38,983	38,983	....	....
Iowa	17,933	....	17,873	17,873	....	....
Kansas	18,274	....	18,317	18,317	....	....
Kentucky	36,017	....	35,972	35,972	....	....
Louisiana	52,216	....	52,205	52,205	....	....
Maine	10,869	....	10,869	10,869	....	....
Maryland	33,309	....	33,312	33,312	....	....
Massachusetts	41,975	....	41,962	41,962	....	....
Michigan	91,628	....	91,613	91,613	....	....
Minnesota	31,352	....	31,301	31,301	....	....
Mississippi	34,059	....	34,141	34,141	....	....
Missouri	39,562	....	39,582	39,582	....	....
Montana	10,869	....	10,869	10,869	....	....
Nebraska	11,146	....	11,146	11,146	....	....
Nevada	11,441	....	11,478	11,478	....	....
New Hampshire	10,869	....	10,869	10,869	....	....
New Jersey	52,275	....	52,377	52,377	....	....
New Mexico	18,128	....	18,100	18,100	....	....
New York	188,660	....	188,609	188,609	....	....
North Carolina	49,941	....	50,015	50,015	....	....
North Dakota	10,869	....	10,869	10,869	....	....
Ohio	86,229	....	86,145	86,145	....	....
Oklahoma	26,278	....	26,305	26,305	....	....
Oregon	22,277	....	22,209	22,209	....	....
Pennsylvania	93,850	....	93,835	93,835	....	....
Rhode Island	10,869	....	10,869	10,869	....	....
South Carolina	28,646	....	28,610	28,610	....	....
South Dakota	10,869	....	10,869	10,869	....	....
Tennessee	38,983	....	38,966	38,966	....	....
Texas	187,802	....	187,518	187,518	....	....
Utah	15,003	....	14,977	14,977	....	....
Vermont	10,869	....	10,869	10,869	....	....
Virginia	40,865	....	40,851	40,851	....	....
Washington	37,530	....	37,524	37,524	....	....
West Virginia	19,728	....	19,699	19,699	....	....
Wisconsin	37,830	....	37,827	37,827	....	....
Wyoming	10,869	....	10,869	10,869	....	....
American Samoa	2,656	....	2,673	2,673	....	....
Guam	4,474	....	4,496	4,496	....	....
Northern Mariana Islands	1,634	....	1,644	1,644	....	....
Puerto Rico	70,876	....	70,651	70,651	....	....
Freely Associated States	....	....	....	....	....	....
Virgin Islands	2,867	....	2,878	2,878	....	....
Indian Tribes	11,631	....	11,690	11,690	....	....
Undistributed	46,757	....	58,746	58,746	....	....
Total	**2,337,830**	....	**2,349,830**	**2,349,830**	....	....

Department of Education, Office of Elementary and Secondary Education **91-0204-0-1-501**

Table 15–12. EFFECTIVE TEACHERS AND LEADERS STATE GRANTS

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from: Previous authority	New Authority	Total	FY 2015 (estimated)	FY 2015 Percentage of distributed total
Alabama	....	....	....	....	28,106	1.59
Alaska	....	....	....	....	8,387	0.47
Arizona	....	....	....	....	27,504	1.55
Arkansas	....	....	....	....	17,060	0.96
California	....	....	....	....	197,097	11.14
Colorado	....	....	....	....	19,743	1.12
Connecticut	....	....	....	....	16,707	0.94
Delaware	....	....	....	....	8,387	0.47
District of Columbia	....	....	....	....	8,387	0.47
Florida	....	....	....	....	79,757	4.51
Georgia	....	....	....	....	46,409	2.62
Hawaii	....	....	....	....	8,387	0.47
Idaho	....	....	....	....	8,411	0.48
Illinois	....	....	....	....	72,525	4.10
Indiana	....	....	....	....	30,084	1.70
Iowa	....	....	....	....	13,793	0.78
Kansas	....	....	....	....	14,135	0.80
Kentucky	....	....	....	....	27,760	1.57
Louisiana	....	....	....	....	40,287	2.28
Maine	....	....	....	....	8,387	0.47
Maryland	....	....	....	....	25,707	1.45
Massachusetts	....	....	....	....	32,382	1.83
Michigan	....	....	....	....	70,698	3.99
Minnesota	....	....	....	....	24,156	1.36
Mississippi	....	....	....	....	26,347	1.49
Missouri	....	....	....	....	30,546	1.73
Montana	....	....	....	....	8,387	0.47
Nebraska	....	....	....	....	8,601	0.49
Nevada	....	....	....	....	8,858	0.50
New Hampshire	....	....	....	....	8,387	0.47
New Jersey	....	....	....	....	40,420	2.28
New Mexico	....	....	....	....	13,968	0.79
New York	....	....	....	....	145,552	8.22
North Carolina	....	....	....	....	38,597	2.18
North Dakota	....	....	....	....	8,387	0.47
Ohio	....	....	....	....	66,479	3.76
Oklahoma	....	....	....	....	20,300	1.15
Oregon	....	....	....	....	17,139	0.97
Pennsylvania	....	....	....	....	72,414	4.09
Rhode Island	....	....	....	....	8,387	0.47
South Carolina	....	....	....	....	22,079	1.25
South Dakota	....	....	....	....	8,387	0.47
Tennessee	....	....	....	....	30,070	1.70
Texas	....	....	....	....	144,709	8.18
Utah	....	....	....	....	11,558	0.65
Vermont	....	....	....	....	8,387	0.47
Virginia	....	....	....	....	31,525	1.78
Washington	....	....	....	....	28,958	1.64
West Virginia	....	....	....	....	15,202	0.86
Wisconsin	....	....	....	....	29,191	1.65
Wyoming	....	....	....	....	8,387	0.47
American Samoa	....	....	....	....	2,705	0.15
Guam	....	....	....	....	3,729	0.21
Northern Mariana Islands	....	....	....	....	1,721	0.10
Puerto Rico	....	....	....	....	54,522	3.08
Freely Associated States	....	....	....	....	....	....
Virgin Islands	....	....	....	....	1,845	0.10
Indian Tribes	....	....	....	....	10,000	0.56
Undistributed	....	....	....	....	230,000	....
Total	**.........**	**.........**	**.........**	**.........**	**2,000,000**	**[1] 100.00**

[1] Excludes undistributed obligations.

Department of Education, Office of Special Education and Rehabilitative Services **91-0301-0-1-506**

Table 15–13. VOCATIONAL REHABILITATION GRANTS (84.126)

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from:			FY 2015 (estimated)	FY 2015 Percentage of distributed total
		Previous authority	New Authority	Total		
Alabama	55,705	....	59,630	59,630	64,185	1.92
Alaska	10,097	....	10,090	10,090	11,173	0.34
Arizona	61,324	....	64,197	64,197	70,844	2.12
Arkansas	39,311	....	36,777	36,777	39,712	1.19
California	289,882	....	298,624	298,624	327,411	9.82
Colorado	40,051	....	40,919	40,919	45,098	1.35
Connecticut	26,288	....	20,808	20,808	22,490	0.67
Delaware	13,097	....	10,090	10,090	11,173	0.34
District of Columbia	13,090	....	13,568	13,568	14,854	0.45
Florida	138,751	....	171,256	171,256	188,621	5.66
Georgia	100,223	....	103,487	103,487	112,988	3.39
Hawaii	12,900	....	11,437	11,437	12,700	0.38
Idaho	16,952	....	17,988	17,988	19,864	0.60
Illinois	109,148	....	109,171	109,171	118,262	3.55
Indiana	60,270	....	74,236	74,236	80,462	2.41
Iowa	26,099	....	31,304	31,304	33,879	1.02
Kansas	27,921	....	27,757	27,757	30,101	0.90
Kentucky	46,103	....	54,798	54,798	59,091	1.77
Louisiana	34,038	....	53,133	53,133	57,133	1.71
Maine	16,503	....	15,193	15,193	16,471	0.49
Maryland	47,382	....	39,554	39,554	43,035	1.29
Massachusetts	62,012	....	46,345	46,345	49,888	1.50
Michigan	100,199	....	109,439	109,439	118,407	3.55
Minnesota	50,343	....	46,780	46,780	50,782	1.52
Mississippi	44,467	....	41,451	41,451	44,520	1.33
Missouri	63,571	....	64,935	64,935	70,180	2.10
Montana	12,648	....	11,284	11,284	12,485	0.37
Nebraska	19,411	....	17,779	17,779	19,406	0.58
Nevada	15,885	....	23,843	23,843	26,515	0.80
New Hampshire	11,602	....	11,048	11,048	12,114	0.36
New Jersey	58,220	....	57,255	57,255	61,983	1.86
New Mexico	24,258	....	23,965	23,965	26,027	0.78
New York	145,605	....	140,684	140,684	151,864	4.55
North Carolina	104,537	....	105,185	105,185	114,732	3.44
North Dakota	10,097	....	10,090	10,090	11,173	0.34
Ohio	110,716	....	127,716	127,716	137,782	4.13
Oklahoma	43,405	....	42,153	42,153	45,770	1.37
Oregon	38,669	....	38,971	38,971	42,569	1.28
Pennsylvania	111,450	....	125,831	125,831	135,353	4.06
Rhode Island	12,752	....	10,090	10,090	11,173	0.34
South Carolina	56,304	....	56,408	56,408	61,444	1.84
South Dakota	10,172	....	10,090	10,090	11,173	0.34
Tennessee	58,994	....	72,234	72,234	78,289	2.35
Texas	237,121	....	238,119	238,119	262,094	7.86
Utah	37,529	....	31,164	31,164	34,378	1.03
Vermont	16,047	....	10,090	10,090	11,173	0.34
Virginia	72,009	....	65,057	65,057	70,869	2.12
Washington	53,535	....	54,399	54,399	59,720	1.79
West Virginia	40,427	....	25,366	25,366	27,278	0.82
Wisconsin	57,089	....	59,058	59,058	63,788	1.91
Wyoming	9,008	....	10,090	10,090	11,173	0.34
American Samoa	924	....	921	921	1,027	0.03
Guam	834	....	2,821	2,821	3,067	0.09
Northern Mariana Islands	816	....	800	800	902	0.03
Puerto Rico	69,764	....	69,640	69,640	73,791	2.21
Freely Associated States	....	....	....	....	....	....
Virgin Islands	1,866	....	1,986	1,986	2,150	0.06
Indian Tribes	37,224	....	37,201	37,201	40,488	1.21
Undistributed	81,547	....	....	....	....	....
Total	**3,066,192**	....	**3,064,305**	[1] **3,064,305**	[2] **3,335,074**	[3] **100.00**

[1] FY 2014 obligations reflect the sequester reduction of 7.2 percent required for mandatory programs by the Budget Control Act of 2011.

[2] The FY 2015 estimates reflect the Administration's proposal to consolidate the Supported Employment State grants program into the Vocational Rehabilitation State Grants program. State estimates are illustrative and are subject to change.

[3] Excludes undistributed obligations.

Department of Education, Office of Special Education and Rehabilitative Services 91-0300-0-1-507

Table 15–14. SPECIAL EDUCATION-GRANTS TO STATES (84.027)

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from:			FY 2015 (estimated)	FY 2015 Percentage of distributed total
		Previous authority	New Authority	Total		
Alabama	172,172	....	179,202	179,202	179,202	1.55
Alaska	34,450	....	36,122	36,122	36,122	0.31
Arizona	177,430	....	188,142	188,142	188,142	1.63
Arkansas	106,046	....	110,376	110,376	110,376	0.95
California	1,158,460	....	1,205,768	1,205,768	1,205,768	10.42
Colorado	145,696	....	154,492	154,492	154,492	1.33
Connecticut	126,118	....	131,268	131,268	131,268	1.13
Delaware	32,508	....	34,472	34,472	34,472	0.30
District of Columbia	16,346	....	17,332	17,332	17,332	0.15
Florida	598,406	....	634,534	634,534	634,534	5.48
Georgia	309,690	....	328,388	328,388	328,388	2.84
Hawaii	37,708	....	39,248	39,248	39,248	0.34
Idaho	52,204	....	55,356	55,356	55,356	0.48
Illinois	479,682	....	499,270	499,270	499,270	4.31
Indiana	244,540	....	255,246	255,246	255,246	2.21
Iowa	115,832	....	120,562	120,562	120,562	1.04
Kansas	101,162	....	105,292	105,292	105,292	0.91
Kentucky	149,790	....	155,906	155,906	155,906	1.35
Louisiana	178,692	....	185,988	185,988	185,988	1.61
Maine	51,918	....	54,038	54,038	54,038	0.47
Maryland	189,680	....	197,426	197,426	197,426	1.71
Massachusetts	269,334	....	280,332	280,332	280,332	2.42
Michigan	378,526	....	393,984	393,984	393,984	3.40
Minnesota	179,844	....	187,188	187,188	187,188	1.62
Mississippi	113,530	....	118,166	118,166	118,166	1.02
Missouri	215,494	....	224,294	224,294	224,294	1.94
Montana	35,200	....	36,872	36,872	36,872	0.32
Nebraska	70,846	....	73,740	73,740	73,740	0.64
Nevada	66,726	....	70,754	70,754	70,754	0.61
New Hampshire	45,022	....	46,860	46,860	46,860	0.40
New Jersey	342,950	....	356,956	356,956	356,956	3.08
New Mexico	86,420	....	89,948	89,948	89,948	0.78
New York	719,688	....	749,078	749,078	749,078	6.47
North Carolina	308,408	....	327,028	327,028	327,028	2.83
North Dakota	26,396	....	27,990	27,990	27,990	0.24
Ohio	413,778	....	430,676	430,676	430,676	3.72
Oklahoma	139,984	....	146,448	146,448	146,448	1.27
Oregon	122,048	....	127,032	127,032	127,032	1.10
Pennsylvania	403,908	....	420,404	420,404	420,404	3.63
Rhode Island	41,492	....	43,186	43,186	43,186	0.37
South Carolina	167,788	....	174,640	174,640	174,640	1.51
South Dakota	31,446	....	33,344	33,344	33,344	0.29
Tennessee	224,140	....	234,532	234,532	234,532	2.03
Texas	926,936	....	982,898	982,898	982,898	8.49
Utah	103,478	....	109,726	109,726	109,726	0.95
Vermont	25,452	....	26,988	26,988	26,988	0.23
Virginia	266,858	....	280,428	280,428	280,428	2.42
Washington	209,104	....	217,694	217,694	217,694	1.88
West Virginia	72,056	....	74,998	74,998	74,998	0.65
Wisconsin	197,228	....	205,282	205,282	205,282	1.77
Wyoming	26,702	....	28,314	28,314	28,314	0.24
American Samoa	6,298	....	6,358	6,358	6,358	0.05
Guam	13,962	....	14,096	14,096	14,096	0.12
Northern Mariana Islands	4,786	....	4,832	4,832	4,832	0.04
Puerto Rico	108,460	....	115,008	115,008	115,008	0.99
Freely Associated States	6,580	....	6,580	6,580	6,580	0.06
Virgin Islands	8,874	....	8,960	8,960	8,960	0.08
Indian Tribes	92,910	....	93,804	93,804	93,804	0.81
Undistributed	....	....	....	....	....	....
Technical Assistance Set-aside	23,500	....	15,000	15,000	15,000	0.13
Results Driven Accountability Incentive Grants	....	....	....	....	100,000	0.86
Total	**10,974,682**	**........**	**11,472,846**	**11,472,846**	**11,572,846**	**[1] 100.00**

[1] Excludes undistributed obligations.

Department of Health and Human Services, Centers for Medicare and Medicaid Services **75-0515-0-1-551**

Table 15–15. CHILDREN'S HEALTH INSURANCE PROGRAM (93.767)

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from: Previous authority	New Authority	Total	FY 2015 (estimated)	FY 2015 Percentage of distributed total
Alabama	162,846	....	173,059	173,059	218,095	2.10
Alaska	20,558	....	21,847	21,847	25,900	0.25
Arizona	25,392	....	27,043	27,043	79,920	0.77
Arkansas	103,118	....	109,673	109,673	114,588	1.10
California	1,296,015	....	1,377,293	1,377,293	1,715,707	16.52
Colorado	131,841	....	140,522	140,522	143,545	1.38
Connecticut	41,328	....	43,920	43,920	41,961	0.40
Delaware	15,738	....	16,740	16,740	17,863	0.17
District of Columbia	14,867	....	16,307	16,307	16,863	0.16
Florida	359,047	....	382,280	382,280	445,772	4.29
Georgia	282,709	....	300,851	300,851	357,190	3.44
Hawaii	25,809	....	27,465	27,465	25,157	0.24
Idaho	35,957	....	38,212	38,212	45,832	0.44
Illinois	275,566	....	292,847	292,847	378,523	3.64
Indiana	144,858	....	153,943	153,943	142,339	1.37
Iowa	92,496	....	98,297	98,297	108,586	1.05
Kansas	55,399	....	58,873	58,873	66,921	0.64
Kentucky	147,886	....	157,160	157,160	159,088	1.53
Louisiana	171,875	....	182,927	182,927	172,704	1.66
Maine	31,479	....	33,453	33,453	31,584	0.30
Maryland	160,475	....	170,539	170,539	199,633	1.92
Massachusetts	330,876	....	351,627	351,627	332,775	3.20
Michigan	54,797	....	58,233	58,233	104,658	1.01
Minnesota	32,082	....	34,094	34,094	33,251	0.32
Mississippi	176,877	....	187,970	187,970	192,920	1.86
Missouri	122,948	....	130,658	130,658	146,936	1.41
Montana	59,390	....	63,115	63,115	81,172	0.78
Nebraska	42,464	....	45,294	45,294	54,366	0.52
Nevada	31,454	....	33,497	33,497	43,241	0.42
New Hampshire	18,195	....	19,336	19,336	18,004	0.17
New Jersey	640,184	....	680,333	680,333	328,295	3.16
New Mexico	124,226	....	132,016	132,016	66,744	0.64
New York	579,751	....	616,109	616,109	715,078	6.88
North Carolina	304,201	....	323,738	323,738	452,601	4.36
North Dakota	17,311	....	18,787	18,787	21,278	0.20
Ohio	336,051	....	357,126	357,126	387,144	3.73
Oklahoma	114,193	....	121,937	121,937	144,424	1.39
Oregon	143,895	....	152,920	152,920	173,908	1.67
Pennsylvania	305,718	....	324,890	324,890	355,279	3.42
Rhode Island	39,507	....	41,984	41,984	57,940	0.56
South Carolina	98,283	....	104,749	104,749	113,056	1.09
South Dakota	19,438	....	20,762	20,762	18,518	0.18
Tennessee	200,235	....	212,945	212,945	241,025	2.32
Texas	891,518	....	955,760	955,760	1,087,739	10.47
Utah	62,494	....	66,844	66,844	43,426	0.42
Vermont	13,037	....	13,854	13,854	14,499	0.14
Virginia	186,576	....	198,338	198,338	220,768	2.13
Washington	96,942	....	103,283	103,283	101,580	0.98
West Virginia	48,276	....	51,303	51,303	53,890	0.52
Wisconsin	103,003	....	109,463	109,463	105,770	1.02
Wyoming	10,764	....	11,523	11,523	12,422	0.12
American Samoa	1,302	....	1,384	1,384	1,471	0.01
Guam	4,532	....	4,816	4,816	5,118	0.05
Northern Mariana Islands	934	....	993	993	1,055	0.01
Puerto Rico	132,659	....	140,979	140,979	149,820	1.44
Freely Associated States	....	....	....	....	....	....
Virgin Islands	....	....	....	....	....	....
Indian Tribes	....	....	....	....	....	....
Undistributed	....	....	....	....	....	....
Total	**8,939,372**	....	**9,513,911**	**9,513,911**	**10,387,942**	[1] **100.00**

NOTE: The FY 2015 CHIP allotments are projections based on the most current available data and are subject to change.

[1] Excludes undistributed obligations.

Department of Health and Human Services, Centers for Medicare and Medicaid Services **75-0512-0-1-551**

Table 15–16. GRANTS TO STATES FOR MEDICAID (93.778)

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from:			FY 2015 (estimated)	FY 2015 Percentage of distributed total
		Previous authority	New Authority	Total		
Alabama	3,592,161	....	4,038,932	4,038,932	4,150,563	1.25
Alaska	848,492	....	971,967	971,967	1,063,215	0.32
Arizona	5,886,360	....	7,031,141	7,031,141	8,143,611	2.46
Arkansas	3,120,980	....	3,763,171	3,763,171	4,795,134	1.45
California	34,097,644	....	40,414,562	40,414,562	42,794,819	12.92
Colorado	2,703,190	....	3,410,048	3,410,048	4,035,135	1.22
Connecticut	3,419,943	....	3,823,446	3,823,446	4,065,480	1.23
Delaware	938,144	....	1,065,976	1,065,976	1,061,575	0.32
District of Columbia	1,661,305	....	1,860,261	1,860,261	1,986,316	0.60
Florida	11,175,808	....	12,928,986	12,928,986	13,709,082	4.14
Georgia	6,196,251	....	6,557,803	6,557,803	6,286,750	1.90
Hawaii	906,575	....	1,134,225	1,134,225	1,190,426	0.36
Idaho	1,261,790	....	1,362,962	1,362,962	1,078,553	0.33
Illinois	8,493,218	....	8,797,755	8,797,755	8,924,200	2.69
Indiana	5,620,463	....	6,187,877	6,187,877	6,354,567	1.92
Iowa	2,317,170	....	2,359,857	2,359,857	2,343,845	0.71
Kansas	1,557,549	....	1,753,761	1,753,761	1,707,029	0.52
Kentucky	4,191,916	....	5,231,083	5,231,083	5,971,179	1.80
Louisiana	4,701,417	....	4,967,009	4,967,009	5,313,150	1.60
Maine	1,871,045	....	1,614,851	1,614,851	1,619,208	0.49
Maryland	4,123,553	....	4,197,991	4,197,991	4,470,215	1.35
Massachusetts	6,937,940	....	8,093,951	8,093,951	8,778,588	2.65
Michigan	8,592,519	....	10,296,076	10,296,076	11,730,180	3.54
Minnesota	4,266,632	....	5,479,858	5,479,858	5,979,104	1.80
Mississippi	3,605,171	....	3,872,071	3,872,071	4,090,642	1.23
Missouri	5,715,711	....	6,129,503	6,129,503	6,449,550	1.95
Montana	726,015	....	759,897	759,897	779,432	0.24
Nebraska	1,078,951	....	1,087,755	1,087,755	1,106,131	0.33
Nevada	1,164,922	....	1,455,714	1,455,714	1,739,104	0.52
New Hampshire	673,089	....	737,530	737,530	712,566	0.22
New Jersey	5,639,230	....	8,133,851	8,133,851	9,692,983	2.93
New Mexico	2,438,571	....	3,037,937	3,037,937	3,378,177	1.02
New York	27,310,551	....	34,832,162	34,832,162	35,540,893	10.73
North Carolina	8,211,889	....	8,590,452	8,590,452	8,532,084	2.58
North Dakota	451,079	....	619,824	619,824	747,998	0.23
Ohio	11,004,596	....	12,602,073	12,602,073	13,070,288	3.94
Oklahoma	3,092,307	....	3,400,658	3,400,658	3,432,119	1.04
Oregon	3,492,929	....	4,390,416	4,390,416	4,765,715	1.44
Pennsylvania	11,850,308	....	12,234,661	12,234,661	12,545,979	3.79
Rhode Island	1,060,709	....	1,210,047	1,210,047	1,245,153	0.38
South Carolina	3,473,332	....	4,109,935	4,109,935	3,770,684	1.14
South Dakota	499,361	....	498,301	498,301	506,268	0.15
Tennessee	6,004,552	....	7,009,416	7,009,416	7,652,922	2.31
Texas	17,427,927	....	21,513,259	21,513,259	21,272,086	6.42
Utah	1,545,776	....	1,659,668	1,659,668	1,730,784	0.52
Vermont	853,313	....	893,747	893,747	832,070	0.25
Virginia	3,910,875	....	4,381,411	4,381,411	4,575,125	1.38
Washington	4,272,311	....	4,096,632	4,096,632	4,595,080	1.39
West Virginia	2,289,012	....	2,664,681	2,664,681	2,751,446	0.83
Wisconsin	4,455,583	....	4,617,953	4,617,953	4,830,309	1.46
Wyoming	312,094	....	334,858	334,858	327,745	0.10
American Samoa	14,471	....	15,898	15,898	15,898	*
Guam	35,230	....	35,036	35,036	35,036	0.01
Northern Mariana Islands	19,677	....	17,338	17,338	17,338	0.01
Puerto Rico	973,694	....	1,030,029	1,030,029	1,075,697	0.32
Freely Associated States	....	....	....	....	....	....
Virgin Islands	16,213	....	26,675	26,675	19,797	0.01
Indian Tribes	....	....	....	....	....	....
Undistributed	20,285,442	....	1,250,129	1,250,129	12,026,953	....
Survey & Certification	226,878	....	235,400	235,400	242,400	0.07
Fraud Control Units	222,201	....	224,479	224,479	233,977	0.07
Vaccines for Children	3,607,016	....	3,562,470	3,562,470	4,076,617	1.23
Medicare Part B Transfer	477,445	....	755,000	755,000	760,000	0.23
Incurred But Not Reported	....	....	4,211,000	4,211,000	6,641,000	2.00
Total	**286,920,496**	**........**	**313,581,415**	**313,581,415**	**343,369,970**	[1] **100.00**

* 0.005 percent or less.

[1] Excludes undistributed obligations.

Department of Health and Human Services, Centers for Medicare and Medicaid Services **75-0115-0-1-551**

Table 15–17. AFFORDABLE INSURANCE EXCHANGE GRANTS (93.525)

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from: Previous authority	New Authority	Total	FY 2015 (estimated)	FY 2015 Percentage of distributed total
Alabama	....	....	....	....	....	....
Alaska	....	....	....	....	....	....
Arizona	....	....	....	....	....	....
Arkansas	16,471	14,217	14,217	28,434	....	....
California	673,705	155,077	155,077	310,154	....	....
Colorado	116,246	....	....	....	....	....
Connecticut	27,600	20,302	20,302	40,604	....	....
Delaware	8,537	8,322	8,322	16,644	....	....
District of Columbia	16,969	34,419	34,419	68,838	....	....
Florida	....	....	....	....	....	....
Georgia	....	....	....	....	....	....
Hawaii	128,087	....	....	....	....	....
Idaho	....	48,019	48,019	96,038	....	....
Illinois	115,824	....	....	....	....	....
Indiana	....	....	....	....	....	....
Iowa	6,845	17,462	17,462	34,924	....	....
Kansas	....	....	....	....	....	....
Kentucky	182,708	....	....	....	....	....
Louisiana	....	....	....	....	....	....
Maine	....	....	....	....	....	....
Maryland	24,670	....	....	....	....	....
Massachusetts	80,226	27,841	27,841	55,682	....	....
Michigan	30,668	....	....	....	....	....
Minnesota	39,326	41,851	41,851	83,702	....	....
Mississippi	....	21,569	21,569	43,138	....	....
Missouri	....	....	....	....	....	....
Montana	....	....	....	....	....	....
Nebraska	....	....	....	....	....	....
Nevada	9,021	6,999	6,999	13,998	....	....
New Hampshire	6,267	2,048	2,048	4,096	....	....
New Jersey	....	....	....	....	....	....
New Mexico	18,600	69,402	69,402	138,804	....	....
New York	245,888	....	....	....	....	....
North Carolina	73,961	....	....	....	....	....
North Dakota	....	....	....	....	....	....
Ohio	....	....	....	....	....	....
Oklahoma	....	....	....	....	....	....
Oregon	238,263	....	....	....	....	....
Pennsylvania	....	....	....	....	....	....
Rhode Island	19,074	27,672	27,672	55,344	....	....
South Carolina	....	....	....	....	....	....
South Dakota	....	....	....	....	....	....
Tennessee	....	....	....	....	....	....
Texas	....	....	....	....	....	....
Utah	1,000	3,248	3,248	6,496	....	....
Vermont	49,372	....	....	....	....	....
Virginia	5,568	....	....	....	....	....
Washington	29,601	84,634	84,634	169,268	....	....
West Virginia	10,165	....	....	....	....	....
Wisconsin	....	....	....	....	....	....
Wyoming	....	....	....	....	....	....
American Samoa	....	....	....	....	....	....
Guam	....	....	....	....	....	....
Northern Mariana Islands	....	....	....	....	....	....
Puerto Rico	....	....	....	....	....	....
Freely Associated States	....	....	....	....	....	....
Virgin Islands	....	....	....	....	....	....
Indian Tribes	....	....	....	....	....	....
Undistributed	....	[1] 685,383	[1] 685,383	1,370,766	[1] 785,000	....
Total	**2,174,662**	**1,268,465**	**1,268,465**	**2,536,930**	**785,000**	**.........**

[1] Grants are awarded to States based on state applications, so State-by-State distribution for FY 2015 and the remainder of FY 2014 is not yet known.

Department of Health and Human Services, Administration for Children and Families 75-1552-0-1-609

Table 15–18. TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)-FAMILY ASSISTANCE GRANTS (93.558)

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from: Previous authority	New Authority	Total	FY 2015 (estimated)	FY 2015 Percentage of distributed total
Alabama	93,315	....	93,315	93,315	93,315	0.56
Alaska	45,260	....	45,260	45,260	45,260	0.27
Arizona	200,141	....	200,141	200,141	200,141	1.20
Arkansas	56,733	....	56,733	56,733	56,733	0.34
California	3,659,357	....	3,657,747	3,657,747	3,657,747	21.85
Colorado	136,057	....	136,057	136,057	136,057	0.81
Connecticut	266,788	....	266,788	266,788	266,788	1.59
Delaware	32,291	....	32,291	32,291	32,291	0.19
District of Columbia	92,610	....	92,610	92,610	92,610	0.55
Florida	562,340	....	562,340	562,340	562,340	3.36
Georgia	330,742	....	330,742	330,742	330,742	1.98
Hawaii	98,905	....	98,905	98,905	98,905	0.59
Idaho	30,413	....	30,413	30,413	30,413	0.18
Illinois	585,057	....	585,057	585,057	585,057	3.50
Indiana	206,799	....	206,799	206,799	206,799	1.24
Iowa	131,030	....	131,030	131,030	131,030	0.78
Kansas	101,931	....	101,931	101,931	101,931	0.61
Kentucky	181,288	....	181,288	181,288	181,288	1.08
Louisiana	163,972	....	163,972	163,972	163,972	0.98
Maine	78,121	....	78,121	78,121	78,121	0.47
Maryland	229,098	....	229,098	229,098	229,098	1.37
Massachusetts	459,371	....	459,371	459,371	459,371	2.74
Michigan	775,353	....	775,353	775,353	775,353	4.63
Minnesota	263,434	....	263,434	263,434	263,434	1.57
Mississippi	86,768	....	86,768	86,768	86,768	0.52
Missouri	217,052	....	217,052	217,052	217,052	1.30
Montana	38,039	....	38,039	38,039	38,039	0.23
Nebraska	57,514	....	57,514	57,514	57,514	0.34
Nevada	43,907	....	43,907	43,907	43,907	0.26
New Hampshire	38,521	....	38,521	38,521	38,521	0.23
New Jersey	404,035	....	404,035	404,035	404,035	2.41
New Mexico	110,578	....	110,578	110,578	110,578	0.66
New York	2,442,931	....	2,442,931	2,442,931	2,442,931	14.59
North Carolina	302,240	....	302,240	302,240	302,240	1.81
North Dakota	26,400	....	26,400	26,400	26,400	0.16
Ohio	727,968	....	727,968	727,968	727,968	4.35
Oklahoma	145,281	....	145,281	145,281	145,281	0.87
Oregon	166,799	....	166,799	166,799	166,799	1.00
Pennsylvania	719,499	....	719,499	719,499	719,499	4.30
Rhode Island	95,022	....	95,022	95,022	95,022	0.57
South Carolina	99,968	....	99,968	99,968	99,968	0.60
South Dakota	21,280	....	21,280	21,280	21,280	0.13
Tennessee	191,524	....	191,524	191,524	191,524	1.14
Texas	486,257	....	486,257	486,257	486,257	2.90
Utah	75,609	....	75,609	75,609	75,609	0.45
Vermont	47,353	....	47,353	47,353	47,353	0.28
Virginia	158,285	....	158,285	158,285	158,285	0.95
Washington	380,545	....	380,545	380,545	380,545	2.27
West Virginia	110,176	....	110,176	110,176	110,176	0.66
Wisconsin	314,499	....	314,499	314,499	314,499	1.88
Wyoming	18,500	....	18,500	18,500	18,500	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	181,712	....	183,321	183,321	183,321	1.10
Undistributed	....	....	....	....	....	....
Discretionary Funds	148,335	....	148,128	148,128	150,000	0.90
Other	7,535	....	22,633	22,633	22,633	0.14
Total	**16,721,897**	....	**16,736,787**	**16,736,787**	**16,738,659**	[1] **100.00**

[1] Excludes undistributed obligations.

Department of Health and Human Services, Administration for Children and Families **75-1501-0-1-609**

Table 15–19. CHILD SUPPORT ENFORCEMENT-FEDERAL SHARE OF STATE AND LOCAL ADMINISTRATIVE COSTS AND INCENTIVES (93.563)

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from: Previous authority	New Authority	Total	FY 2015 (estimated)	FY 2015 Percentage of distributed total
Alabama	48,684	....	47,931	47,931	44,983	1.14
Alaska	19,816	....	19,509	19,509	18,309	0.47
Arizona	54,730	....	53,883	53,883	50,569	1.29
Arkansas	34,543	....	34,008	34,008	31,917	0.81
California	668,837	....	658,482	658,482	617,987	15.73
Colorado	56,003	....	55,136	55,136	51,745	1.32
Connecticut	57,308	....	56,421	56,421	52,951	1.35
Delaware	37,116	....	36,542	36,542	34,294	0.87
District of Columbia	22,523	....	22,174	22,174	20,810	0.53
Florida	194,097	....	191,092	191,092	179,341	4.56
Georgia	72,208	....	71,090	71,090	66,718	1.70
Hawaii	14,570	....	14,345	14,345	13,463	0.34
Idaho	17,043	....	16,779	16,779	15,747	0.40
Illinois	141,809	....	139,614	139,614	131,028	3.34
Indiana	74,585	....	73,430	73,430	68,914	1.75
Iowa	41,044	....	40,408	40,408	37,923	0.97
Kansas	37,389	....	36,811	36,811	34,547	0.88
Kentucky	44,123	....	43,440	43,440	40,768	1.04
Louisiana	53,712	....	52,880	52,880	49,628	1.26
Maine	17,487	....	17,216	17,216	16,158	0.41
Maryland	93,520	....	92,072	92,072	86,410	2.20
Massachusetts	98,770	....	97,241	97,241	91,261	2.32
Michigan	152,798	....	150,432	150,432	141,181	3.59
Minnesota	117,524	....	115,705	115,705	108,589	2.76
Mississippi	24,476	....	24,097	24,097	22,616	0.58
Missouri	58,753	....	57,844	57,844	54,286	1.38
Montana	10,781	....	10,614	10,614	9,961	0.25
Nebraska	28,132	....	27,696	27,696	25,993	0.66
Nevada	39,951	....	39,333	39,333	36,914	0.94
New Hampshire	14,027	....	13,810	13,810	12,960	0.33
New Jersey	190,528	....	187,578	187,578	176,043	4.48
New Mexico	31,916	....	31,422	31,422	29,490	0.75
New York	256,534	....	252,562	252,562	237,031	6.03
North Carolina	102,490	....	100,903	100,903	94,698	2.41
North Dakota	12,784	....	12,586	12,586	11,812	0.30
Ohio	204,719	....	201,549	201,549	189,154	4.81
Oklahoma	51,104	....	50,313	50,313	47,219	1.20
Oregon	57,564	....	56,673	56,673	53,188	1.35
Pennsylvania	183,181	....	180,345	180,345	169,254	4.31
Rhode Island	10,011	....	9,856	9,856	9,250	0.24
South Carolina	33,264	....	32,749	32,749	30,735	0.78
South Dakota	6,975	....	6,867	6,867	6,445	0.16
Tennessee	64,402	....	63,405	63,405	59,506	1.51
Texas	257,365	....	253,381	253,381	237,798	6.05
Utah	29,465	....	29,009	29,009	27,225	0.69
Vermont	11,428	....	11,251	11,251	10,559	0.27
Virginia	73,389	....	72,252	72,252	67,809	1.73
Washington	104,953	....	103,328	103,328	96,974	2.47
West Virginia	31,508	....	31,020	31,020	29,113	0.74
Wisconsin	81,032	....	79,777	79,777	74,871	1.91
Wyoming	8,503	....	8,372	8,372	7,857	0.20
American Samoa	....	....	....	....	....	....
Guam	3,909	....	3,849	3,849	3,612	0.09
Northern Mariana Islands	....	....	....	....	....	....
Puerto Rico	31,010	....	30,530	30,530	28,653	0.73
Freely Associated States	....	....	....	....	....	....
Virgin Islands	4,368	....	4,301	4,301	4,036	0.10
Indian Tribes	45,135	....	51,183	51,183	58,412	1.49
Undistributed	....	....	....	....	....	....
Total	**4,233,896**	**.........**	**4,175,096**	**4,175,096**	**3,928,715**	**[1] 100.00**

[1] Excludes undistributed obligations.

Department of Health and Human Services, Administration for Children and Families **75-1502-0-1-609**

Table 15–20. LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (93.568)

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from: Previous authority	New Authority	Total	FY 2015 (estimated)	FY 2015 Percentage of distributed total
Alabama	47,937	....	48,652	48,652	35,582	1.27
Alaska	10,150	....	11,161	11,161	8,327	0.30
Arizona	21,437	....	21,757	21,757	15,912	0.57
Arkansas	26,746	....	27,563	27,563	21,579	0.77
California	144,173	....	152,593	152,593	112,886	4.03
Colorado	44,270	....	46,477	46,477	34,479	1.23
Connecticut	76,014	....	77,577	77,577	58,976	2.11
Delaware	12,573	....	13,044	13,044	10,436	0.37
District of Columbia	9,976	....	10,497	10,497	7,686	0.27
Florida	76,356	....	77,496	77,496	56,677	2.02
Georgia	60,387	....	61,288	61,288	44,823	1.60
Hawaii	5,416	....	6,172	6,172	4,514	0.16
Idaho	18,275	....	19,229	19,229	14,081	0.50
Illinois	160,191	....	167,814	167,814	124,493	4.45
Indiana	72,367	....	75,975	75,975	56,360	2.01
Iowa	51,292	....	53,849	53,849	39,948	1.43
Kansas	31,367	....	31,045	31,045	23,486	0.84
Kentucky	43,483	....	48,391	48,391	36,372	1.30
Louisiana	40,864	....	42,152	42,152	33,869	1.21
Maine	36,046	....	37,843	37,843	28,074	1.00
Maryland	70,390	....	68,659	68,659	53,947	1.93
Massachusetts	132,150	....	140,200	140,200	103,774	3.71
Michigan	164,585	....	164,798	164,798	117,988	4.21
Minnesota	109,335	....	114,785	114,785	85,153	3.04
Mississippi	29,257	....	30,127	30,127	23,452	0.84
Missouri	66,553	....	71,034	71,034	51,215	1.83
Montana	18,591	....	19,561	19,561	14,324	0.51
Nebraska	28,196	....	29,669	29,669	21,721	0.78
Nevada	10,964	....	11,127	11,127	8,138	0.29
New Hampshire	24,321	....	25,590	25,590	18,739	0.67
New Jersey	124,480	....	124,835	124,835	91,267	3.26
New Mexico	14,670	....	15,435	15,435	11,644	0.42
New York	349,983	....	367,429	367,429	272,575	9.73
North Carolina	86,142	....	86,886	86,886	69,462	2.48
North Dakota	18,994	....	19,570	19,570	14,331	0.51
Ohio	144,794	....	154,642	154,642	110,886	3.96
Oklahoma	32,650	....	33,787	33,787	27,053	0.97
Oregon	33,674	....	35,372	35,372	26,138	0.93
Pennsylvania	190,810	....	203,504	203,504	146,492	5.23
Rhode Island	23,908	....	23,796	23,796	17,773	0.63
South Carolina	38,335	....	38,908	38,908	28,455	1.02
South Dakota	16,712	....	17,584	17,584	12,877	0.46
Tennessee	56,856	....	58,163	58,163	45,524	1.63
Texas	127,064	....	128,960	128,960	94,316	3.37
Utah	22,493	....	23,631	23,631	17,384	0.62
Vermont	18,230	....	19,181	19,181	14,046	0.50
Virginia	78,971	....	82,052	82,052	64,211	2.29
Washington	54,401	....	57,113	57,113	42,367	1.51
West Virginia	27,723	....	29,170	29,170	21,361	0.76
Wisconsin	98,417	....	103,323	103,323	76,650	2.74
Wyoming	8,866	....	9,322	9,322	6,827	0.24
American Samoa	73	....	[3] 281	281	208	0.01
Guam	160	....	[3] 616	616	457	0.02
Northern Mariana Islands	55	....	[3] 214	214	159	0.01
Puerto Rico	3,966	....	[3] 15,281	15,281	11,344	0.41
Freely Associated States	....	....	....	....	....	....
Virgin Islands	151	....	[3] 582	582	432	0.02
Indian Tribes	36,358	....	38,799	38,799	28,750	1.03
Undistributed	....	....	....	....	....	....
Training and Technical Assistance	2,838	....	2,988	2,988	3,000	0.11
Discretionary Funds	....	....	27,000	27,000	[1] 77,000	2.75
Other	....	....	....	....	[2] 200,000	7.14
Total	**3,255,436**	....	**3,424,549**	**3,424,549**	**2,800,000**	**[4] 100.00**

NOTE: Total State allocation amounts in all years are subject to change based on tribal agreements, therefore all final State allocations will be included on the HHS/ACF Office of Community Services web site located at: http://www.acf.hhs.gov/programs/ocs/resource/liheap-funding-tables.

[1] FY 2015 - These funds consist of $23,985,000 for the Leveraging Incentive (Leveraging) program, $3,015,000 for the Residential Energy Assistance Challenge (REACH) program, and an additional $50,000,000 consist of new funds, which are targeted for Energy Burden Reduction activities.

[2] The FY 2015 Budget includes $200,000,000 in the LIHEAP Contingency Fund for unanticipated home-energy related emergencies, such as extreme weather patterns, natural disasters, and fuel price spikes.

[3] In FY 2014, HHS increased the territory set-aside from 0.1 percent to 0.5 percent.

[4] Excludes undistributed obligations.

Department of Health and Human Services, Administration for Children and Families **75-1515-0-1-609**

Table 15–21. CHILD CARE AND DEVELOPMENT BLOCK GRANT (93.575)

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from: Previous authority	New Authority	Total	FY 2015 (estimated)	FY 2015 Percentage of distributed total
Alabama	41,348	....	44,246	44,246	44,969	1.86
Alaska	4,237	....	4,534	4,534	4,608	0.19
Arizona	54,843	....	58,687	58,687	59,645	2.47
Arkansas	27,113	....	29,014	29,014	29,487	1.22
California	240,745	....	257,621	257,621	261,825	10.83
Colorado	27,729	....	29,672	29,672	30,157	1.25
Connecticut	14,237	....	15,235	15,235	15,484	0.64
Delaware	5,473	....	5,857	5,857	5,953	0.25
District of Columbia	3,008	....	3,219	3,219	3,272	0.14
Florida	120,188	....	128,613	128,613	130,712	5.41
Georgia	90,117	....	96,434	96,434	98,008	4.05
Hawaii	7,415	....	7,935	7,935	8,065	0.33
Idaho	13,619	....	14,574	14,574	14,812	0.61
Illinois	77,165	....	82,574	82,574	83,921	3.47
Indiana	51,377	....	54,978	54,978	55,875	2.31
Iowa	19,589	....	20,962	20,962	21,304	0.88
Kansas	20,422	....	21,853	21,853	22,210	0.92
Kentucky	38,175	....	40,851	40,851	41,517	1.72
Louisiana	39,920	....	42,719	42,719	43,416	1.80
Maine	7,217	....	7,723	7,723	7,849	0.32
Maryland	26,283	....	28,126	28,126	28,585	1.18
Massachusetts	26,106	....	27,937	27,937	28,392	1.17
Michigan	68,528	....	73,332	73,332	74,529	3.08
Minnesota	29,449	....	31,513	31,513	32,027	1.33
Mississippi	32,103	....	34,354	34,354	34,914	1.44
Missouri	41,657	....	44,577	44,577	45,305	1.87
Montana	6,412	....	6,861	6,861	6,973	0.29
Nebraska	12,636	....	13,522	13,522	13,743	0.57
Nevada	17,260	....	18,470	18,470	18,771	0.78
New Hampshire	5,051	....	5,406	5,406	5,494	0.23
New Jersey	38,536	....	41,237	41,237	41,910	1.73
New Mexico	19,403	....	20,763	20,763	21,102	0.87
New York	98,338	....	105,232	105,232	106,949	4.42
North Carolina	73,858	....	79,035	79,035	80,325	3.32
North Dakota	3,699	....	3,958	3,958	4,023	0.17
Ohio	77,004	....	82,402	82,402	83,747	3.46
Oklahoma	32,859	....	35,162	35,162	35,736	1.48
Oregon	25,287	....	27,059	27,059	27,501	1.14
Pennsylvania	66,178	....	70,818	70,818	71,973	2.98
Rhode Island	5,283	....	5,653	5,653	5,746	0.24
South Carolina	39,870	....	42,665	42,665	43,361	1.79
South Dakota	5,671	....	6,068	6,068	6,167	0.26
Tennessee	51,062	....	54,641	54,641	55,533	2.30
Texas	237,713	....	254,376	254,376	258,528	10.70
Utah	26,251	....	28,091	28,091	28,550	1.18
Vermont	2,963	....	3,171	3,171	3,223	0.13
Virginia	41,544	....	44,456	44,456	45,181	1.87
Washington	37,661	....	40,301	40,301	40,959	1.69
West Virginia	13,842	....	14,812	14,812	15,054	0.62
Wisconsin	34,318	....	36,724	36,724	37,323	1.54
Wyoming	2,903	....	3,107	3,107	3,157	0.13
American Samoa	44,111	....	47,200	47,200	60,425	2.50
Guam	2,507	....	2,682	2,682	2,747	0.11
Northern Mariana Islands	4,359	....	4,664	4,664	4,777	0.20
Puerto Rico	2,185	....	2,338	2,338	2,395	0.10
Freely Associated States	30,954	....	33,124	33,124	33,664	1.39
Virgin Islands	....	....	....	....	....	....
Indian Tribes	1,977	....	2,115	2,115	2,166	0.09
Undistributed	....	....	....	....	....	....
Training and Technical Assistance	5,514	....	5,900	5,900	12,085	0.50
Discretionary Funds	946	....	996	996	1,000	0.04
Other	9,331	....	9,851	9,851	9,871	0.41
Total	**2,205,549**	**........**	**2,360,000**	**2,360,000**	**2,417,000**	**[1] 100.00**

[1] Excludes undistributed obligations.

Department of Health and Human Services, Administration for Children and Families **75-1550-0-1-609**

Table 15–22. CHILD CARE AND DEVELOPMENT FUND-MANDATORY (93.596A)

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from: Previous authority	New Authority	Total	FY 2015 (estimated)	FY 2015 Percentage of distributed total
Alabama	16,442	....	16,442	16,442	16,442	1.29
Alaska	3,545	....	3,545	3,545	3,545	0.28
Arizona	19,827	....	19,827	19,827	19,827	1.55
Arkansas	5,300	....	5,300	5,300	5,300	0.42
California	85,593	....	85,593	85,593	85,593	6.70
Colorado	10,174	....	10,174	10,174	10,174	0.80
Connecticut	18,738	....	18,738	18,738	18,738	1.47
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	43,026	....	43,026	43,026	43,026	3.37
Georgia	36,548	....	36,548	36,548	36,548	2.86
Hawaii	4,972	....	4,972	4,972	4,972	0.39
Idaho	2,868	....	2,868	2,868	2,868	0.22
Illinois	56,874	....	56,874	56,874	56,874	4.45
Indiana	26,182	....	26,182	26,182	26,182	2.05
Iowa	8,508	....	8,508	8,508	8,508	0.67
Kansas	9,812	....	9,812	9,812	9,812	0.77
Kentucky	16,702	....	16,702	16,702	16,702	1.31
Louisiana	13,864	....	13,864	13,864	13,864	1.09
Maine	3,019	....	3,019	3,019	3,019	0.24
Maryland	23,301	....	23,301	23,301	23,301	1.82
Massachusetts	44,973	....	44,973	44,973	44,973	3.52
Michigan	32,082	....	32,082	32,082	32,082	2.51
Minnesota	23,367	....	23,367	23,367	23,367	1.83
Mississippi	6,293	....	6,293	6,293	6,293	0.49
Missouri	24,669	....	24,669	24,669	24,669	1.93
Montana	3,191	....	3,191	3,191	3,191	0.25
Nebraska	10,595	....	10,595	10,595	10,595	0.83
Nevada	2,580	....	2,580	2,580	2,580	0.20
New Hampshire	4,582	....	4,582	4,582	4,582	0.36
New Jersey	26,374	....	26,374	26,374	26,374	2.07
New Mexico	8,308	....	8,308	8,308	8,308	0.65
New York	101,984	....	101,984	101,984	101,984	7.99
North Carolina	69,639	....	69,639	69,639	69,639	5.45
North Dakota	2,506	....	2,506	2,506	2,506	0.20
Ohio	70,125	....	70,125	70,125	70,125	5.49
Oklahoma	24,910	....	24,910	24,910	24,910	1.95
Oregon	19,409	....	19,409	19,409	19,409	1.52
Pennsylvania	55,337	....	55,337	55,337	55,337	4.33
Rhode Island	6,634	....	6,634	6,634	6,634	0.52
South Carolina	9,867	....	9,867	9,867	9,867	0.77
South Dakota	1,711	....	1,711	1,711	1,711	0.13
Tennessee	37,702	....	37,702	37,702	37,702	2.95
Texas	59,844	....	59,844	59,844	59,844	4.69
Utah	12,592	....	12,592	12,592	12,592	0.99
Vermont	3,945	....	3,945	3,945	3,945	0.31
Virginia	21,329	....	21,329	21,329	21,329	1.67
Washington	41,883	....	41,883	41,883	41,883	3.28
West Virginia	8,727	....	8,727	8,727	8,727	0.68
Wisconsin	24,511	....	24,511	24,511	24,511	1.92
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	91,675	7.18
Undistributed	....	....	....	....	....	....
Training and Technical Assistance	3,097	....	3,097	3,097	7,787	0.61
Total	**1,238,962**	....	**1,238,962**	**1,238,962**	**1,276,987**	**[1] 100.00**

[1] Excludes undistributed obligations.

Department of Health and Human Services, Administration for Children and Families **75-1550-0-1-609**

Table 15–23. CHILD CARE AND DEVELOPMENT FUND-MATCHING (93.596B)

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from:			FY 2015 (estimated)	FY 2015 Percentage of distributed total
		Previous authority	New Authority	Total		
Alabama	25,383	....	25,383	25,383	36,083	1.51
Alaska	4,335	....	4,335	4,335	6,163	0.26
Arizona	37,201	....	37,201	37,201	52,883	2.21
Arkansas	16,246	....	16,246	16,246	23,095	0.97
California	208,357	....	208,357	208,357	296,185	12.39
Colorado	28,434	....	28,434	28,434	40,419	1.69
Connecticut	17,627	....	17,627	17,627	25,058	1.05
Delaware	4,635	....	4,635	4,635	6,589	0.28
District of Columbia	2,490	....	2,490	2,490	3,540	0.15
Florida	89,521	....	89,521	89,521	127,256	5.32
Georgia	56,991	....	56,991	56,991	81,015	3.39
Hawaii	7,017	....	7,017	7,017	9,975	0.42
Idaho	9,886	....	9,886	9,886	14,053	0.59
Illinois	69,671	....	69,671	69,671	99,039	4.14
Indiana	36,177	....	36,177	36,177	51,427	2.15
Iowa	16,481	....	16,481	16,481	23,428	0.98
Kansas	16,649	....	16,649	16,649	23,667	0.99
Kentucky	23,272	....	23,272	23,272	33,082	1.38
Louisiana	25,650	....	25,650	25,650	36,462	1.53
Maine	5,922	....	5,922	5,922	8,419	0.35
Maryland	30,330	....	30,330	30,330	43,115	1.80
Massachusetts	31,198	....	31,198	31,198	44,349	1.86
Michigan	50,778	....	50,778	50,778	72,183	3.02
Minnesota	29,101	....	29,101	29,101	41,367	1.73
Mississippi	17,109	....	17,109	17,109	24,321	1.02
Missouri	31,981	....	31,981	31,981	45,461	1.90
Montana	5,039	....	5,039	5,039	7,163	0.30
Nebraska	10,644	....	10,644	10,644	15,131	0.63
Nevada	15,199	....	15,199	15,199	21,605	0.90
New Hampshire	6,081	....	6,081	6,081	8,644	0.36
New Jersey	45,651	....	45,651	45,651	64,894	2.72
New Mexico	11,933	....	11,933	11,933	16,963	0.71
New York	95,841	....	95,841	95,841	136,240	5.70
North Carolina	52,417	....	52,417	52,417	74,513	3.12
North Dakota	3,471	....	3,471	3,471	4,934	0.21
Ohio	60,383	....	60,383	60,383	85,836	3.59
Oklahoma	21,614	....	21,614	21,614	30,724	1.29
Oregon	19,576	....	19,576	19,576	27,828	1.16
Pennsylvania	61,351	....	61,351	61,351	87,212	3.65
Rhode Island	4,845	....	4,845	4,845	6,887	0.29
South Carolina	24,715	....	24,715	24,715	35,133	1.47
South Dakota	4,701	....	4,701	4,701	6,682	0.28
Tennessee	33,867	....	33,867	33,867	48,143	2.01
Texas	160,592	....	160,592	160,592	228,287	9.55
Utah	20,842	....	20,842	20,842	29,627	1.24
Vermont	2,748	....	2,748	2,748	3,907	0.16
Virginia	42,197	....	42,197	42,197	59,984	2.51
Washington	36,003	....	36,003	36,003	51,179	2.14
West Virginia	8,661	....	8,661	8,661	12,312	0.52
Wisconsin	29,900	....	29,900	29,900	42,503	1.78
Wyoming	3,130	....	3,130	3,130	4,500	0.19
American Samoa	....	....	....	....	....	....
Guam	....	....	....	....	....	....
Northern Mariana Islands	....	....	....	....	....	....
Puerto Rico	....	....	....	....	....	....
Freely Associated States	....	....	....	....	....	....
Virgin Islands	....	....	....	....	....	....
Indian Tribes	....	....	....	....	....	....
Undistributed	....	....	....	....	....	....
Training and Technical Assistance	4,195	....	4,195	4,195	10,548	0.44
Total	**1,678,038**	....	**1,678,038**	**1,678,038**	**2,390,013**	[1] **100.00**

[1] Excludes undistributed obligations.

Department of Health and Human Services, Administration for Children and Families **75-1536-0-1-506**

Table 15–24. HEAD START (93.600)

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from: Previous authority	New Authority	Total	FY 2015 (estimated)	FY 2015 Percentage of distributed total
Alabama	119,127	....	127,343	127,343	129,253	1.46
Alaska	13,620	....	14,559	14,559	14,778	0.17
Arizona	115,365	....	123,321	123,321	125,171	1.41
Arkansas	71,236	....	76,148	76,148	77,290	0.87
California	907,791	....	970,356	970,356	984,911	11.11
Colorado	76,563	....	81,843	81,843	83,071	0.94
Connecticut	55,676	....	59,515	59,515	60,408	0.68
Delaware	14,538	....	15,540	15,540	15,773	0.18
District of Columbia	26,406	....	28,227	28,227	28,651	0.32
Florida	296,887	....	317,361	317,361	322,122	3.63
Georgia	188,186	....	201,164	201,164	204,181	2.30
Hawaii	24,253	....	25,925	25,925	26,314	0.30
Idaho	25,824	....	27,605	27,605	28,019	0.32
Illinois	297,848	....	318,389	318,389	323,165	3.64
Indiana	109,183	....	116,712	116,712	118,463	1.34
Iowa	56,161	....	60,034	60,034	60,935	0.69
Kansas	56,666	....	60,574	60,574	61,482	0.69
Kentucky	118,927	....	127,128	127,128	129,035	1.45
Louisiana	159,175	....	170,152	170,152	172,705	1.95
Maine	29,881	....	31,942	31,942	32,421	0.37
Maryland	84,708	....	90,550	90,550	91,908	1.04
Massachusetts	116,291	....	124,311	124,311	126,176	1.42
Michigan	253,637	....	271,129	271,129	275,196	3.10
Minnesota	79,395	....	84,871	84,871	86,144	0.97
Mississippi	170,864	....	182,647	182,647	185,387	2.09
Missouri	131,680	....	140,762	140,762	142,873	1.61
Montana	22,728	....	24,296	24,296	24,660	0.28
Nebraska	39,976	....	42,733	42,733	43,374	0.49
Nevada	28,390	....	30,348	30,348	30,803	0.35
New Hampshire	14,726	....	15,742	15,742	15,978	0.18
New Jersey	141,739	....	151,514	151,514	153,786	1.73
New Mexico	59,272	....	63,359	63,359	64,310	0.73
New York	468,089	....	500,370	500,370	507,875	5.73
North Carolina	162,733	....	173,956	173,956	176,566	1.99
North Dakota	19,008	....	20,319	20,319	20,624	0.23
Ohio	271,641	....	290,375	290,375	294,730	3.32
Oklahoma	92,547	....	98,929	98,929	100,413	1.13
Oregon	66,619	....	71,214	71,214	72,282	0.82
Pennsylvania	248,078	....	265,186	265,186	269,164	3.04
Rhode Island	23,731	....	25,368	25,368	25,748	0.29
South Carolina	94,008	....	100,491	100,491	101,998	1.15
South Dakota	20,473	....	21,885	21,885	22,213	0.25
Tennessee	129,935	....	138,896	138,896	140,979	1.59
Texas	530,285	....	566,855	566,855	575,358	6.49
Utah	42,748	....	45,696	45,696	46,382	0.52
Vermont	14,350	....	15,339	15,339	15,569	0.18
Virginia	109,243	....	116,777	116,777	118,529	1.34
Washington	111,301	....	118,977	118,977	120,762	1.36
West Virginia	55,150	....	58,953	58,953	59,838	0.67
Wisconsin	99,670	....	106,544	106,544	108,142	1.22
Wyoming	12,734	....	13,612	13,612	13,816	0.16
American Samoa	2,147	....	2,295	2,295	2,329	0.03
Guam	2,350	....	2,512	2,512	2,550	0.03
Northern Mariana Islands	1,661	....	1,776	1,776	1,803	0.02
Puerto Rico	263,475	....	281,646	281,646	285,870	3.22
Freely Associated States	....	....	....	....	....	....
Virgin Islands	8,930	....	9,546	9,546	9,689	0.11
Indian Tribes	212,154	....	226,785	226,785	230,187	2.60
Undistributed	....	....	....	....	....	....
Migrant Program	309,266	....	330,594	330,594	335,553	3.78
Palau	1,331	....	1,423	1,423	1,444	0.02
Training and Technical Assistance	189,330	....	215,822	215,822	221,710	2.50
Discretionary Funds [1]	23,561	....	502,500	502,500	643,750	7.26
Other [2]	79,813	....	97,354	97,354	103,773	1.17
Total	**7,573,080**	**.........**	**8,598,095**	**8,598,095**	**8,868,389**	**[3] 100.00**

[1] FY 2014 and 2015 include 1) $25 million to minimize disruptions in Head Start services to children and families during the implementation of the Designation Renewal System. Funds will be awarded to grantees on an as-needed basis during the transition period. 2) Remaining funds provide support for Early Head Start-Child Care Partnerships increase the number of Early Head Start slots for infants and toddlers in high quality comprehensive programs.

[2] Includes funding for Research/Evaluation, Monitoring Support, and Program Support. Included in these totals are $10 million in FY 2014 and $15 million in FY 2015 for Federal Administration and Evaluation activities associated with the Early Head Start-Child Care Partnerships.

[3] Excludes undistributed obligations.

Department of Health and Human Services, Administration for Children and Families **75-1545-0-1-609**

Table 15–25. FOSTER CARE-TITLE IV-E (93.658)

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from:			FY 2015 (estimated)	FY 2015 Percentage of distributed total
		Previous authority	New Authority	Total		
Alabama	28,371	....	29,158	29,158	29,117	0.67
Alaska	15,682	....	16,117	16,117	16,095	0.37
Arizona	105,388	....	108,314	108,314	108,162	2.49
Arkansas	40,698	....	41,828	41,828	41,769	0.96
California	1,155,916	....	1,187,999	1,187,999	1,186,338	27.31
Colorado	56,073	....	57,629	57,629	57,548	1.32
Connecticut	54,832	....	56,354	56,354	56,275	1.30
Delaware	6,548	....	6,730	6,730	6,721	0.15
District of Columbia	36,220	....	37,226	37,226	37,174	0.86
Florida	181,196	....	186,225	186,225	185,965	4.28
Georgia	69,598	....	71,530	71,530	71,430	1.64
Hawaii	13,759	....	14,141	14,141	14,121	0.33
Idaho	8,761	....	9,004	9,004	8,992	0.21
Illinois	184,354	....	189,470	189,470	189,206	4.36
Indiana	61,281	....	62,982	62,982	62,894	1.45
Iowa	20,343	....	20,907	20,907	20,878	0.48
Kansas	23,072	....	23,713	23,713	23,680	0.55
Kentucky	41,462	....	42,613	42,613	42,553	0.98
Louisiana	43,089	....	44,285	44,285	44,223	1.02
Maine	16,346	....	16,799	16,799	16,776	0.39
Maryland	60,283	....	61,956	61,956	61,870	1.42
Massachusetts	49,498	....	50,871	50,871	50,800	1.17
Michigan	124,832	....	128,297	128,297	128,118	2.95
Minnesota	40,898	....	42,033	42,033	41,974	0.97
Mississippi	17,432	....	17,916	17,916	17,891	0.41
Missouri	58,871	....	60,505	60,505	60,420	1.39
Montana	11,653	....	11,977	11,977	11,960	0.28
Nebraska	11,906	....	12,237	12,237	12,219	0.28
Nevada	36,965	....	37,991	37,991	37,938	0.87
New Hampshire	16,616	....	17,077	17,077	17,053	0.39
New Jersey	94,521	....	97,144	97,144	97,008	2.23
New Mexico	18,014	....	18,514	18,514	18,488	0.43
New York	286,659	....	294,615	294,615	294,203	6.77
North Carolina	66,473	....	68,318	68,318	68,222	1.57
North Dakota	10,820	....	11,120	11,120	11,105	0.26
Ohio	189,104	....	194,353	194,353	194,082	4.47
Oklahoma	35,308	....	36,288	36,288	36,237	0.83
Oregon	84,402	....	86,745	86,745	86,624	1.99
Pennsylvania	188,646	....	193,882	193,882	193,611	4.46
Rhode Island	12,198	....	12,537	12,537	12,519	0.29
South Carolina	33,939	....	34,882	34,882	34,833	0.80
South Dakota	5,320	....	5,468	5,468	5,461	0.13
Tennessee	36,182	....	37,186	37,186	37,134	0.85
Texas	227,221	....	233,527	233,527	233,201	5.37
Utah	22,415	....	23,037	23,037	23,005	0.53
Vermont	9,166	....	9,420	9,420	9,407	0.22
Virginia	48,853	....	50,210	50,210	50,140	1.15
Washington	79,814	....	82,029	82,029	81,914	1.89
West Virginia	19,622	....	20,167	20,167	20,139	0.46
Wisconsin	53,164	....	54,639	54,639	54,563	1.26
Wyoming	1,602	....	1,646	1,646	1,644	0.04
American Samoa	....	....	....	....	....	....
Guam	....	....	....	....	....	....
Northern Mariana Islands	....	....	....	....	....	....
Puerto Rico	....	....	....	....	....	....
Freely Associated States	....	....	....	....	....	....
Virgin Islands	....	....	....	....	....	....
Indian Tribes	3,214	....	15,000	15,000	39,000	0.90
Undistributed	....	....	....	....	....	....
Training and Technical Assistance	16,689	....	27,300	27,300	29,300	0.67
Total	**4,135,289**	**.........**	**4,271,911**	**4,271,911**	**4,344,000**	[1] **100.00**

NOTE: Multiple States have capped allocation waiver demonstration projects under Section 1130 of the Social Security Act for portions of their Foster Care programs. This table may not fully reflect the terms and conditions of any such waiver agreement.

[1] Excludes undistributed obligations.

Department of Health and Human Services, Administration for Children and Families **75-1545-0-1-609**

Table 15–26. ADOPTION ASSISTANCE (93.659)

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from: Previous authority	New Authority	Total	FY 2015 (estimated)	FY 2015 Percentage of distributed total
Alabama	10,079	....	10,547	10,547	11,078	0.44
Alaska	11,383	....	11,912	11,912	12,512	0.50
Arizona	93,180	....	97,510	97,510	102,418	4.09
Arkansas	17,806	....	18,633	18,633	19,571	0.78
California	445,674	....	466,385	466,385	489,861	19.56
Colorado	19,611	....	20,522	20,522	21,555	0.86
Connecticut	36,724	....	38,430	38,430	40,365	1.61
Delaware	1,626	....	1,701	1,701	1,787	0.07
District of Columbia	14,954	....	15,649	15,649	16,437	0.66
Florida	100,904	....	105,593	105,593	110,908	4.43
Georgia	33,608	....	35,170	35,170	36,940	1.48
Hawaii	13,647	....	14,281	14,281	15,000	0.60
Idaho	6,410	....	6,708	6,708	7,046	0.28
Illinois	80,611	....	84,357	84,357	88,603	3.54
Indiana	57,383	....	60,049	60,049	63,072	2.52
Iowa	35,851	....	37,517	37,517	39,405	1.57
Kansas	14,845	....	15,535	15,535	16,317	0.65
Kentucky	44,989	....	47,080	47,080	49,450	1.97
Louisiana	17,335	....	18,141	18,141	19,054	0.76
Maine	13,748	....	14,387	14,387	15,111	0.60
Maryland	24,817	....	25,970	25,970	27,277	1.09
Massachusetts	31,229	....	32,681	32,681	34,326	1.37
Michigan	117,983	....	123,465	123,465	129,680	5.18
Minnesota	25,803	....	27,002	27,002	28,361	1.13
Mississippi	9,283	....	9,715	9,715	10,204	0.41
Missouri	37,392	....	39,130	39,130	41,099	1.64
Montana	7,507	....	7,855	7,855	8,251	0.33
Nebraska	11,120	....	11,636	11,636	12,222	0.49
Nevada	21,832	....	22,847	22,847	23,997	0.96
New Hampshire	4,227	....	4,423	4,423	4,646	0.19
New Jersey	58,235	....	60,942	60,942	64,009	2.56
New Mexico	19,225	....	20,119	20,119	21,131	0.84
New York	126,483	....	132,361	132,361	139,024	5.55
North Carolina	51,330	....	53,715	53,715	56,419	2.25
North Dakota	5,242	....	5,485	5,485	5,761	0.23
Ohio	157,377	....	164,691	164,691	172,981	6.91
Oklahoma	35,657	....	37,314	37,314	39,192	1.57
Oregon	32,678	....	34,197	34,197	35,918	1.43
Pennsylvania	81,853	....	85,657	85,657	89,969	3.59
Rhode Island	6,798	....	7,114	7,114	7,472	0.30
South Carolina	15,719	....	16,449	16,449	17,277	0.69
South Dakota	3,856	....	4,036	4,036	4,239	0.17
Tennessee	39,454	....	41,287	41,287	43,365	1.73
Texas	107,745	....	112,752	112,752	118,427	4.73
Utah	7,794	....	8,156	8,156	8,567	0.34
Vermont	8,154	....	8,533	8,533	8,962	0.36
Virginia	38,908	....	40,716	40,716	42,765	1.71
Washington	50,483	....	52,829	52,829	55,488	2.22
West Virginia	19,639	....	20,551	20,551	21,586	0.86
Wisconsin	49,174	....	51,459	51,459	54,049	2.16
Wyoming	770	....	806	806	846	0.03
American Samoa	....	....	....	....	....	....
Guam	....	....	....	....	....	....
Northern Mariana Islands	....	....	....	....	....	....
Puerto Rico	....	....	....	....	....	....
Freely Associated States	....	....	....	....	....	....
Virgin Islands	....	....	....	....	....	....
Indian Tribes	....	....	....	....	....	....
Undistributed	....	....	....	....	....	....
Total	**2,278,135**	....	**2,384,000**	**2,384,000**	**2,504,000**	[1] **100.00**

[1] Excludes undistributed obligations.

Department of Health and Human Services, Administration for Children and Families **75-1534-0-1-506**

Table 15–27. SOCIAL SERVICES BLOCK GRANT (93.667)

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from: Previous authority	New Authority	Total	FY 2015 (estimated)	FY 2015 Percentage of distributed total
Alabama	24,728	....	24,181	24,181	26,057	1.53
Alaska	3,721	....	3,639	3,639	3,921	0.23
Arizona	33,376	....	32,638	32,638	35,170	2.07
Arkansas	15,127	....	14,792	14,792	15,940	0.94
California	194,063	....	189,769	189,769	204,493	12.03
Colorado	26,345	....	25,762	25,762	27,760	1.63
Connecticut	18,436	....	18,028	18,028	19,427	1.14
Delaware	4,671	....	4,567	4,567	4,921	0.29
District of Columbia	3,182	....	3,111	3,111	3,353	0.20
Florida	98,121	....	95,950	95,950	103,394	6.08
Georgia	50,535	....	49,417	49,417	53,251	3.13
Hawaii	7,078	....	6,922	6,922	7,459	0.44
Idaho	8,161	....	7,980	7,980	8,599	0.51
Illinois	66,260	....	64,793	64,793	69,820	4.11
Indiana	33,554	....	32,811	32,811	35,357	2.08
Iowa	15,767	....	15,418	15,418	16,614	0.98
Kansas	14,783	....	14,456	14,456	15,577	0.92
Kentucky	22,496	....	21,999	21,999	23,705	1.39
Louisiana	23,554	....	23,033	23,033	24,820	1.46
Maine	6,838	....	6,687	6,687	7,206	0.42
Maryland	30,008	....	29,344	29,344	31,621	1.86
Massachusetts	33,917	....	33,167	33,167	35,740	2.10
Michigan	50,849	....	49,724	49,724	53,582	3.15
Minnesota	27,519	....	26,910	26,910	28,998	1.71
Mississippi	15,335	....	14,996	14,996	16,159	0.95
Missouri	30,947	....	30,262	30,262	32,610	1.92
Montana	5,139	....	5,026	5,026	5,416	0.32
Nebraska	9,487	....	9,277	9,277	9,997	0.59
Nevada	14,022	....	13,711	13,711	14,775	0.87
New Hampshire	6,787	....	6,637	6,637	7,152	0.42
New Jersey	45,417	....	44,412	44,412	47,858	2.82
New Mexico	10,721	....	10,484	10,484	11,297	0.66
New York	100,220	....	98,002	98,002	105,606	6.21
North Carolina	49,718	....	48,618	48,618	52,390	3.08
North Dakota	3,521	....	3,443	3,443	3,711	0.22
Ohio	59,441	....	58,126	58,126	62,636	3.68
Oklahoma	19,521	....	19,089	19,089	20,570	1.21
Oregon	19,935	....	19,494	19,494	21,006	1.24
Pennsylvania	65,609	....	64,157	64,157	69,135	4.07
Rhode Island	5,413	....	5,293	5,293	5,704	0.34
South Carolina	24,092	....	23,559	23,559	25,387	1.49
South Dakota	4,243	....	4,149	4,149	4,471	0.26
Tennessee	32,969	....	32,239	32,239	34,741	2.04
Texas	132,191	....	129,265	129,265	139,295	8.19
Utah	14,505	....	14,184	14,184	15,284	0.90
Vermont	3,225	....	3,154	3,154	3,399	0.20
Virginia	41,687	....	40,764	40,764	43,927	2.58
Washington	35,166	....	34,388	34,388	37,055	2.18
West Virginia	9,553	....	9,341	9,341	10,066	0.59
Wisconsin	29,408	....	28,757	28,757	30,988	1.82
Wyoming	2,925	....	2,861	2,861	3,082	0.18
American Samoa	57	....	56	56	60	*
Guam	278	....	272	272	293	0.02
Northern Mariana Islands	56	....	54	54	59	*
Puerto Rico	8,345	....	8,160	8,160	8,793	0.52
Freely Associated States	....	....	....	....	....	....
Virgin Islands	278	....	272	272	293	0.02
Indian Tribes	....	....	....	....	....	....
Undistributed	....	....	....	....	....	....
Total	**1,613,300**	**.........**	**1,577,600**	**1,577,600**	**1,700,000**	**[1] 100.00**

* 0.005 percent or less.

[1] Excludes undistributed obligations.

Department of Health and Human Services, Health Resources and Services Administration **75-0350-0-1-550**

Table 15–28. RYAN WHITE HIV/AIDS TREATMENT MODERNIZATION ACT-PART B HIV CARE GRANTS (93.917)

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from:			FY 2015 (estimated)	FY 2015 Percentage of distributed total
		Previous authority	New Authority	Total		
Alabama	22,139	....	....	....	....	....
Alaska	1,365	....	....	....	....	....
Arizona	16,220	....	....	....	....	....
Arkansas	7,917	....	....	....	....	....
California	152,100	....	....	....	....	....
Colorado	14,972	....	....	....	....	....
Connecticut	13,825	....	....	....	....	....
Delaware	5,385	....	....	....	....	....
District of Columbia	18,512	....	....	....	....	....
Florida	137,918	....	....	....	....	....
Georgia	58,582	....	....	....	....	....
Hawaii	3,502	....	....	....	....	....
Idaho	2,051	....	....	....	....	....
Illinois	44,617	....	....	....	....	....
Indiana	11,575	....	....	....	....	....
Iowa	3,953	....	....	....	....	....
Kansas	3,486	....	....	....	....	....
Kentucky	9,026	....	....	....	....	....
Louisiana	27,797	....	....	....	....	....
Maine	1,756	....	....	....	....	....
Maryland	36,539	....	....	....	....	....
Massachusetts	19,424	....	....	....	....	....
Michigan	17,480	....	....	....	....	....
Minnesota	7,828	....	....	....	....	....
Mississippi	13,639	....	....	....	....	....
Missouri	13,197	....	....	....	....	....
Montana	1,307	....	....	....	....	....
Nebraska	2,795	....	....	....	....	....
Nevada	8,076	....	....	....	....	....
New Hampshire	1,467	....	....	....	....	....
New Jersey	50,643	....	....	....	....	....
New Mexico	3,932	....	....	....	....	....
New York	153,752	....	....	....	....	....
North Carolina	37,997	....	....	....	....	....
North Dakota	683	....	....	....	....	....
Ohio	23,038	....	....	....	....	....
Oklahoma	8,153	....	....	....	....	....
Oregon	6,262	....	....	....	....	....
Pennsylvania	39,949	....	....	....	....	....
Rhode Island	3,691	....	....	....	....	....
South Carolina	25,037	....	....	....	....	....
South Dakota	1,222	....	....	....	....	....
Tennessee	24,114	....	....	....	....	....
Texas	83,891	....	....	....	....	....
Utah	5,177	....	....	....	....	....
Vermont	863	....	....	....	....	....
Virginia	31,702	....	....	....	....	....
Washington	13,788	....	....	....	....	....
West Virginia	2,326	....	....	....	....	....
Wisconsin	9,075	....	....	....	....	....
Wyoming	747	....	....	....	....	....
American Samoa	48	....	....	....	....	....
Guam	259	....	....	....	....	....
Northern Mariana Islands	47	....	....	....	....	....
Puerto Rico	33,120	....	....	....	....	....
Freely Associated States	39	....	....	....	....	....
Virgin Islands	1,127	....	....	....	....	....
Indian Tribes	....	....	....	....	....	....
Undistributed	....	....	[1] 1,315,005	1,315,005	[2] 1,315,005	....
Marshall Islands	46	....	....	....	....	....
Republic of Palau	43	....	....	....	....	....
Total	**1,239,221**	**.........**	**1,315,005**	**1,315,005**	**1,315,005**	**.........**

[1] FY 2014 data for each State and territory is not available.
[2] FY 2015 data for each State and territory is not available.

Department of Housing and Urban Development, Public and Indian Housing Programs **86-0163-0-1-604**

Table 15–29. PUBLIC HOUSING OPERATING FUND (14.850)

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from: Previous authority	New Authority	Total	FY 2015 (estimated)	FY 2015 Percentage of distributed total
Alabama	128,884	....	139,699	139,699	142,464	3.18
Alaska	9,160	....	9,929	9,929	10,125	0.23
Arizona	21,299	....	23,087	23,087	23,544	0.52
Arkansas	32,318	....	35,030	35,030	35,723	0.80
California	125,338	....	135,855	135,855	138,544	3.09
Colorado	26,588	....	28,819	28,819	29,390	0.66
Connecticut	62,906	....	68,185	68,185	69,534	1.55
Delaware	10,112	....	10,961	10,961	11,178	0.25
District of Columbia	46,078	....	49,945	49,945	50,933	1.14
Florida	123,363	....	133,714	133,714	136,361	3.04
Georgia	124,682	....	135,145	135,145	137,820	3.07
Hawaii	21,646	....	23,462	23,462	23,927	0.53
Idaho	1,310	....	1,419	1,419	1,448	0.03
Illinois	230,740	....	250,102	250,102	255,052	5.69
Indiana	42,398	....	45,956	45,956	46,865	1.04
Iowa	6,263	....	6,788	6,788	6,923	0.15
Kansas	19,263	....	20,880	20,880	21,293	0.47
Kentucky	56,413	....	61,147	61,147	62,357	1.39
Louisiana	56,780	....	61,545	61,545	62,763	1.40
Maine	13,230	....	14,341	14,341	14,624	0.33
Maryland	94,232	....	102,139	102,139	104,160	2.32
Massachusetts	139,572	....	151,284	151,284	154,278	3.44
Michigan	62,104	....	67,315	67,315	68,647	1.53
Minnesota	46,321	....	50,207	50,207	51,201	1.14
Mississippi	34,050	....	36,907	36,907	37,638	0.84
Missouri	40,204	....	43,578	43,578	44,440	0.99
Montana	5,062	....	5,487	5,487	5,596	0.12
Nebraska	13,728	....	14,880	14,880	15,174	0.34
Nevada	14,399	....	15,607	15,607	15,916	0.35
New Hampshire	10,838	....	11,747	11,747	11,980	0.27
New Jersey	151,822	....	164,562	164,562	167,819	3.74
New Mexico	10,880	....	11,793	11,793	12,026	0.27
New York	918,532	....	995,607	995,607	1,015,313	22.63
North Carolina	123,562	....	133,931	133,931	136,581	3.04
North Dakota	3,185	....	3,452	3,452	3,521	0.08
Ohio	171,685	....	186,091	186,091	189,774	4.23
Oklahoma	34,189	....	37,058	37,058	37,792	0.84
Oregon	19,016	....	20,612	20,612	21,020	0.47
Pennsylvania	276,171	....	299,344	299,344	305,269	6.81
Rhode Island	31,067	....	33,674	33,674	34,340	0.77
South Carolina	46,642	....	50,555	50,555	51,556	1.15
South Dakota	2,820	....	3,057	3,057	3,117	0.07
Tennessee	106,529	....	115,468	115,468	117,754	2.63
Texas	162,454	....	176,086	176,086	179,571	4.00
Utah	3,780	....	4,097	4,097	4,178	0.09
Vermont	4,583	....	4,968	4,968	5,066	0.11
Virginia	68,909	....	74,691	74,691	76,170	1.70
Washington	47,922	....	51,943	51,943	52,972	1.18
West Virginia	16,010	....	17,354	17,354	17,697	0.39
Wisconsin	19,232	....	20,846	20,846	21,259	0.47
Wyoming	1,674	....	1,815	1,815	1,851	0.04
American Samoa	....	....	....	....	....	....
Guam	3,631	....	3,935	3,935	4,013	0.09
Northern Mariana Islands	....	....	....	....	....	....
Puerto Rico	195,401	....	211,798	211,798	215,990	4.82
Freely Associated States	....	....	....	....	....	....
Virgin Islands	19,164	....	20,772	20,772	21,183	0.47
Indian Tribes	....	....	....	....	....	....
Undistributed	....	....	....	....	....	....
Total	**4,058,141**	**........**	**4,398,669**	**4,398,669**	**4,485,730**	**[1] 100.00**

[1] Excludes undistributed obligations.

Department of Housing and Urban Development, Public and Indian Housing Programs 86-0302-0-1-604

Table 15–30. SECTION 8 HOUSING CHOICE VOUCHERS (14.871)

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from:			FY 2015 (estimated)	FY 2015 Percentage of distributed total
		Previous authority	New Authority	Total		
Alabama	179,632	2,256	188,923	191,179	198,368	1.01
Alaska	35,131	441	36,947	37,388	38,903	0.20
Arizona	166,512	2,092	175,124	177,216	180,802	0.92
Arkansas	93,724	1,177	98,571	99,748	97,875	0.50
California	3,232,753	40,608	3,439,950	3,480,558	3,660,617	18.55
Colorado	228,492	2,870	240,309	243,179	246,275	1.25
Connecticut	355,916	4,471	374,324	378,795	397,563	2.02
Delaware	38,960	489	40,974	41,463	41,703	0.21
District of Columbia	175,597	2,206	184,680	186,886	196,954	1.00
Florida	825,355	10,368	868,042	878,410	910,923	4.62
Georgia	454,390	5,708	477,891	483,599	515,257	2.61
Hawaii	106,520	1,338	112,029	113,367	114,482	0.58
Idaho	37,556	472	39,499	39,971	39,975	0.20
Illinois	813,568	10,220	855,646	865,866	952,516	4.83
Indiana	199,680	2,508	210,007	212,515	210,816	1.07
Iowa	93,449	1,174	98,282	99,456	99,862	0.51
Kansas	61,006	766	64,162	64,928	67,544	0.34
Kentucky	181,692	2,282	191,089	193,371	203,397	1.03
Louisiana	344,159	4,323	361,959	366,282	337,527	1.71
Maine	83,102	1,044	87,399	88,443	92,376	0.47
Maryland	494,262	6,209	519,825	526,034	522,893	2.65
Massachusetts	842,122	10,578	885,676	896,254	904,562	4.58
Michigan	335,606	4,216	352,963	357,179	371,536	1.88
Minnesota	215,803	2,711	226,964	229,675	239,570	1.21
Mississippi	134,243	1,686	141,186	142,872	133,727	0.68
Missouri	234,867	2,950	247,014	249,964	256,338	1.30
Montana	30,035	377	31,588	31,965	32,281	0.16
Nebraska	65,075	817	68,440	69,257	71,967	0.36
Nevada	130,146	1,635	136,878	138,513	145,942	0.74
New Hampshire	79,932	1,004	84,066	85,070	89,435	0.45
New Jersey	686,260	8,621	721,753	730,374	711,347	3.61
New Mexico	71,040	892	74,713	75,605	70,136	0.36
New York	2,226,250	27,965	2,375,814	2,403,779	2,515,546	12.75
North Carolina	339,424	4,264	356,978	361,242	370,919	1.88
North Dakota	29,659	373	31,193	31,566	33,842	0.17
Ohio	541,632	6,804	569,645	576,449	590,811	2.99
Oklahoma	123,344	1,549	129,723	131,272	134,998	0.68
Oregon	211,816	2,661	222,770	225,431	229,747	1.16
Pennsylvania	558,631	7,017	587,523	594,540	626,565	3.18
Rhode Island	83,099	1,044	87,397	88,441	87,302	0.44
South Carolina	140,413	1,764	147,674	149,438	154,680	0.78
South Dakota	27,495	345	28,917	29,262	29,775	0.15
Tennessee	202,044	2,538	212,494	215,032	235,314	1.19
Texas	1,014,846	12,750	1,067,342	1,080,092	1,060,001	5.37
Utah	68,446	860	71,986	72,846	75,172	0.38
Vermont	49,086	617	51,624	52,241	52,586	0.27
Virginia	380,069	4,774	399,725	404,499	404,877	2.05
Washington	413,229	5,191	434,602	439,793	468,325	2.37
West Virginia	62,844	789	66,094	66,883	69,855	0.35
Wisconsin	148,607	1,867	156,292	158,159	167,771	0.85
Wyoming	12,612	158	13,264	13,422	14,761	0.07
American Samoa	....	....	....	....	....	....
Guam	32,874	413	34,574	34,987	37,707	0.19
Northern Mariana Islands	3,583	45	3,768	3,813	4,191	0.02
Puerto Rico	186,434	2,342	196,076	198,418	200,164	1.01
Freely Associated States	....	....	....	....	....	....
Virgin Islands	14,139	178	14,870	15,048	11,622	0.06
Indian Tribes	....	....	....	....	....	....
Undistributed	....	....	[1] 280,528	280,528	[1] 370,000	....
Total	**17,897,161**	**224,817**	**19,177,746**	**19,402,563**	**20,100,000**	**[2] 100.00**

[1] Includes obligations for the Contract Renewal Set-Aside, Tenant Protection Vouchers, HUD-VASH, and Rental Assistance Demonstration conversions.

[2] Excludes undistributed obligations.

Department of Housing and Urban Development, Public and Indian Housing Programs **86-0304-0-1-604**

Table 15–31. PUBLIC HOUSING CAPITAL FUND (14.872)

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from: Previous authority	New Authority	Total	FY 2015 (estimated)	FY 2015 Percentage of distributed total
Alabama	53,829	1,415	54,536	55,951	55,618	3.05
Alaska	2,047	54	2,073	2,127	2,115	0.12
Arizona	7,650	201	7,750	7,951	7,904	0.43
Arkansas	17,221	453	17,447	17,900	17,793	0.98
California	71,099	1,869	72,032	73,901	73,461	4.03
Colorado	10,197	268	10,331	10,599	10,536	0.58
Connecticut	21,088	554	21,365	21,919	21,789	1.20
Delaware	3,670	96	3,718	3,814	3,791	0.21
District of Columbia	14,019	368	14,202	14,570	14,484	0.80
Florida	48,776	1,282	49,416	50,698	50,397	2.77
Georgia	64,245	1,688	65,088	66,776	66,379	3.64
Hawaii	9,293	244	9,415	9,659	9,602	0.53
Idaho	891	23	902	925	920	0.05
Illinois	122,807	3,227	124,418	127,645	126,887	6.96
Indiana	21,383	562	21,663	22,225	22,093	1.21
Iowa	4,644	122	4,705	4,827	4,798	0.26
Kansas	9,802	258	9,931	10,189	10,128	0.56
Kentucky	31,221	821	31,631	32,452	32,258	1.77
Louisiana	38,257	1,005	38,759	39,764	39,528	2.17
Maine	5,301	139	5,370	5,509	5,477	0.30
Maryland	26,417	694	26,763	27,457	27,294	1.50
Massachusetts	51,617	1,357	52,294	53,651	53,331	2.93
Michigan	30,794	809	31,198	32,007	31,817	1.75
Minnesota	28,070	738	28,438	29,176	29,002	1.59
Mississippi	19,729	518	19,987	20,505	20,384	1.12
Missouri	26,868	706	27,220	27,926	27,760	1.52
Montana	2,561	67	2,595	2,662	2,646	0.15
Nebraska	7,739	203	7,840	8,043	7,996	0.44
Nevada	5,321	140	5,391	5,531	5,498	0.30
New Hampshire	4,822	127	4,885	5,012	4,982	0.27
New Jersey	58,583	1,540	59,352	60,892	60,529	3.32
New Mexico	5,516	145	5,589	5,734	5,700	0.31
New York	314,688	8,270	318,816	327,086	325,142	17.85
North Carolina	49,839	1,310	50,493	51,803	51,495	2.83
North Dakota	2,050	54	2,077	2,131	2,119	0.12
Ohio	76,765	2,017	77,772	79,789	79,315	4.35
Oklahoma	14,781	388	14,974	15,362	15,272	0.84
Oregon	8,476	223	8,587	8,810	8,757	0.48
Pennsylvania	120,308	3,162	121,887	125,049	124,305	6.82
Rhode Island	12,017	316	12,174	12,490	12,416	0.68
South Carolina	19,656	517	19,914	20,431	20,309	1.11
South Dakota	1,604	42	1,625	1,667	1,657	0.09
Tennessee	50,776	1,334	51,442	52,776	52,463	2.88
Texas	73,189	1,923	74,149	76,072	75,621	4.15
Utah	2,302	60	2,332	2,392	2,378	0.13
Vermont	2,140	56	2,168	2,224	2,211	0.12
Virginia	28,387	746	28,759	29,505	29,330	1.61
Washington	26,734	703	27,085	27,788	27,622	1.52
West Virginia	8,034	211	8,139	8,350	8,300	0.46
Wisconsin	14,943	393	15,139	15,532	15,439	0.85
Wyoming	827	22	838	860	855	0.05
American Samoa	....	....	....	....	....	....
Guam	1,117	29	1,131	1,160	1,154	0.06
Northern Mariana Islands	....	....	....	....	....	....
Puerto Rico	103,999	2,733	105,364	108,097	107,454	5.90
Freely Associated States	....	....	....	....	....	....
Virgin Islands	5,181	136	5,249	5,385	5,354	0.29
Indian Tribes	....	....	....	....	....	....
Undistributed	12,566	36,711	87,533	124,244	57,135	....
Total	**1,775,856**	**83,049**	**1,873,951**	**1,957,000**	**1,879,000**	[1] **100.00**

[1] Excludes undistributed obligations.

Department of Housing and Urban Development, Community Planning and Development **86-0162-0-1-451**

Table 15–32. COMMUNITY DEVELOPMENT BLOCK GRANT (14.218; 14.225; 14.228; 14.862)

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from: Previous authority	New Authority	Total	FY 2015 (estimated)	FY 2015 Percentage of distributed total
Alabama	40,503	3,806	37,221	41,027	37,983	1.31
Alaska	2,441	1,772	2,382	4,154	3,920	0.13
Arizona	47,795	....	47,490	47,490	43,659	1.50
Arkansas	23,484	729	23,079	23,808	21,934	0.75
California	323,699	76,319	285,128	361,447	336,908	11.59
Colorado	27,745	9,770	24,451	34,221	32,085	1.10
Connecticut	43,163	8,338	27,766	36,104	33,719	1.16
Delaware	6,640	....	6,524	6,524	5,998	0.21
District of Columbia	13,905	14,345	....	14,345	13,969	0.48
Florida	160,147	53,549	75,852	129,401	122,797	4.22
Georgia	78,134	....	76,017	76,017	69,885	2.40
Hawaii	4,951	7,817	4,872	12,689	12,170	0.42
Idaho	11,102	2,465	8,883	11,348	10,662	0.37
Illinois	152,060	21,554	129,040	150,594	139,964	4.82
Indiana	68,871	....	61,219	61,219	56,282	1.94
Iowa	35,448	....	33,450	33,450	30,751	1.06
Kansas	24,245	2,122	21,906	24,028	22,231	0.76
Kentucky	40,068	....	39,590	39,590	36,397	1.25
Louisiana	24,653	42,513	3,745	46,258	44,943	1.55
Maine	17,740	1,317	15,445	16,762	15,492	0.53
Maryland	35,167	10,326	34,314	44,640	41,826	1.44
Massachusetts	94,947	16,240	76,502	92,742	86,324	2.97
Michigan	90,886	63,650	50,654	114,304	109,206	3.76
Minnesota	48,672	1,699	47,148	48,847	45,020	1.55
Mississippi	28,077	2,134	24,943	27,077	24,985	0.86
Missouri	58,787	212	57,650	57,862	53,209	1.83
Montana	7,860	....	7,687	7,687	7,066	0.24
Nebraska	16,817	1,973	14,773	16,746	15,529	0.53
Nevada	10,865	8,074	10,999	19,073	18,286	0.63
New Hampshire	10,754	2,527	8,832	11,359	10,619	0.37
New Jersey	81,469	16,837	63,833	80,670	75,257	2.59
New Mexico	14,568	401	14,625	15,026	13,848	0.48
New York	311,590	21,187	268,844	290,031	267,996	9.22
North Carolina	70,032	....	69,930	69,930	64,290	2.21
North Dakota	5,122	....	5,004	5,004	4,600	0.16
Ohio	139,812	5,636	133,300	138,936	128,102	4.41
Oklahoma	26,023	4,654	20,626	25,280	23,479	0.81
Oregon	29,767	1,958	29,440	31,398	29,001	1.00
Pennsylvania	176,562	10,238	161,618	171,856	158,631	5.46
Rhode Island	6,017	12,690	3,064	15,754	15,314	0.53
South Carolina	33,871	1,270	33,677	34,947	32,224	1.11
South Dakota	6,702	....	6,535	6,535	6,008	0.21
Tennessee	46,810	....	45,860	45,860	42,161	1.45
Texas	190,521	121,962	98,949	220,911	210,516	7.24
Utah	19,474	1,936	17,220	19,156	17,753	0.61
Vermont	6,572	690	6,508	7,198	6,666	0.23
Virginia	49,176	17,582	33,337	50,919	48,093	1.65
Washington	38,253	13,940	37,145	51,085	47,884	1.65
West Virginia	21,132	92	18,993	19,085	17,550	0.60
Wisconsin	35,713	24,885	32,523	57,408	54,551	1.88
Wyoming	3,396	....	3,389	3,389	3,115	0.11
American Samoa	....	1,016	19	1,035	1,032	0.04
Guam	3,158	2,957	56	3,013	3,025	0.10
Northern Mariana Islands	793	950	18	968	965	0.03
Puerto Rico	36,708	28,900	34,480	63,380	58,844	2.02
Freely Associated States	....	....	....	....	....	....
Virgin Islands	1,890	1,946	37	1,983	1,975	0.07
Indian Tribes	54,515	2,600	66,799	69,399	70,000	2.41
Undistributed	....	....	....	....	....	....
Total	**2,959,272**	**647,578**	**2,463,391**	**3,110,969**	**2,906,699**	[1] **100.00**

[1] Excludes undistributed obligations.

Department of Housing and Urban Development, Community Planning and Development **86-0162-0-1-451**

Table 15–33. COMMUNITY DEVELOPMENT BLOCK GRANT—DISASTER RECOVERY (14.218; 14.228; 14.269)

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from:			FY 2015 (estimated)	FY 2015 Percentage of distributed total
		Previous authority	New Authority	Total		
Alabama	....	76,811	....	76,811	42,917	1.53
Alaska	....	....	....	....	....	....
Arizona	....	....	....	....	....	....
Arkansas	....	....	....	....	....	....
California	....	....	....	....	....	....
Colorado	....	47,100	....	47,100	15,700	0.56
Connecticut	15,000	55,656	....	55,656	34,164	1.22
Delaware	....	....	....	....	....	....
District of Columbia	....	....	....	....	....	....
Florida	....	....	....	....	....	....
Georgia	....	....	....	....	....	....
Hawaii	....	....	....	....	....	....
Idaho	....	....	....	....	....	....
Illinois	....	21,600	....	21,600	7,200	0.26
Indiana	....	....	....	....	....	....
Iowa	....	....	....	....	....	....
Kansas	....	....	....	....	....	....
Kentucky	....	....	....	....	....	....
Louisiana	50,000	113,367	....	113,367	73,611	2.63
Maine	....	....	....	....	....	....
Maryland	....	10,912	....	10,912	7,728	0.28
Massachusetts	....	18,232	....	18,232	10,874	0.39
Michigan	....	....	....	....	....	....
Minnesota	....	....	....	....	....	....
Mississippi	....	....	....	....	....	....
Missouri	....	75,072	....	75,072	50,048	1.79
Montana	....	....	....	....	....	....
Nebraska	....	....	....	....	....	....
Nevada	....	....	....	....	....	....
New Hampshire	....	....	....	....	....	....
New Jersey	1,021,835	749,980	....	749,980	804,804	28.78
New Mexico	....	....	....	....	....	....
New York	1,075,138	2,505,056	....	2,505,056	1,688,724	60.39
North Carolina	....	....	....	....	....	....
North Dakota	....	24,979	....	24,979	16,653	0.60
Ohio	....	....	....	....	....	....
Oklahoma	....	27,675	....	27,675	9,225	0.33
Oregon	....	....	....	....	....	....
Pennsylvania	42,881	28,429	....	28,429	18,952	0.68
Rhode Island	....	5,792	....	5,792	5,448	0.19
South Carolina	....	....	....	....	....	....
South Dakota	....	....	....	....	....	....
Tennessee	....	15,750	....	15,750	5,524	0.20
Texas	....	5,061	....	5,061	....	....
Utah	....	....	....	....	....	....
Vermont	....	13,232	....	13,232	4,700	0.17
Virginia	....	....	....	....	....	....
Washington	....	....	....	....	....	....
West Virginia	....	....	....	....	....	....
Wisconsin	....	....	....	....	....	....
Wyoming	....	....	....	....	....	....
American Samoa	....	....	....	....	....	....
Guam	....	....	....	....	....	....
Northern Mariana Islands	....	....	....	....	....	....
Puerto Rico	....	....	....	....	....	....
Freely Associated States	....	....	....	....	....	....
Virgin Islands	....	....	....	....	....	....
Indian Tribes	....	....	....	....	....	....
Undistributed	....	....	....	....	1,500,000	....
Total	**2,204,854**	**3,794,704**	**.........**	**3,794,704**	**4,296,272**	**[1] 100.00**

[1] Excludes undistributed obligations.

Department of Labor, Employment and Training Administration **16-0179-0-1-603**

Table 15–34. UNEMPLOYMENT INSURANCE (17.225)

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from: Previous authority	New Authority	Total	FY 2015 (estimated)	FY 2015 Percentage of distributed total
Alabama	32,013	....	32,707	32,707	....	....
Alaska	23,849	....	26,185	26,185	....	....
Arizona	39,269	....	38,945	38,945	....	....
Arkansas	23,197	....	23,698	23,698	....	....
California	419,564	....	397,361	397,361	....	....
Colorado	43,472	....	38,738	38,738	....	....
Connecticut	55,844	....	53,921	53,921	....	....
Delaware	10,539	....	10,993	10,993	....	....
District of Columbia	10,393	....	11,743	11,743	....	....
Florida	91,667	....	93,345	93,345	....	....
Georgia	68,194	....	71,821	71,821	....	....
Hawaii	15,608	....	15,488	15,488	....	....
Idaho	19,863	....	17,440	17,440	....	....
Illinois	153,996	....	167,906	167,906	....	....
Indiana	43,271	....	48,499	48,499	....	....
Iowa	28,186	....	29,029	29,029	....	....
Kansas	22,680	....	19,792	19,792	....	....
Kentucky	31,347	....	30,828	30,828	....	....
Louisiana	34,795	....	30,207	30,207	....	....
Maine	17,228	....	14,779	14,779	....	....
Maryland	130,841	....	66,166	66,166	....	....
Massachusetts	69,477	....	62,124	62,124	....	....
Michigan	116,706	....	135,902	135,902	....	....
Minnesota	42,561	....	45,807	45,807	....	....
Mississippi	22,856	....	20,735	20,735	....	....
Missouri	37,322	....	40,216	40,216	....	....
Montana	8,736	....	9,815	9,815	....	....
Nebraska	16,631	....	15,970	15,970	....	....
Nevada	29,453	....	30,605	30,605	....	....
New Hampshire	15,652	....	14,611	14,611	....	....
New Jersey	124,860	....	113,232	113,232	....	....
New Mexico	16,119	....	14,844	14,844	....	....
New York	202,990	....	191,454	191,454	....	....
North Carolina	59,777	....	66,152	66,152	....	....
North Dakota	10,104	....	7,340	7,340	....	....
Ohio	93,739	....	94,310	94,310	....	....
Oklahoma	22,931	....	23,312	23,312	....	....
Oregon	51,340	....	55,909	55,909	....	....
Pennsylvania	144,406	....	144,729	144,729	....	....
Rhode Island	15,100	....	14,486	14,486	....	....
South Carolina	32,288	....	32,622	32,622	....	....
South Dakota	6,139	....	6,009	6,009	....	....
Tennessee	38,315	....	39,190	39,190	....	....
Texas	138,558	....	138,334	138,334	....	....
Utah	23,629	....	27,521	27,521	....	....
Vermont	15,181	....	8,283	8,283	....	....
Virginia	43,991	....	46,623	46,623	....	....
Washington	97,785	....	97,845	97,845	....	....
West Virginia	20,000	....	14,254	14,254	....	....
Wisconsin	68,834	....	65,789	65,789	....	....
Wyoming	11,689	....	9,379	9,379	....	....
American Samoa	....	....	....	....	....	....
Guam	....	....	....	....	....	....
Northern Mariana Islands	....	....	....	....	....	....
Puerto Rico	18,433	....	19,119	19,119	....	....
Freely Associated States	....	....	....	....	....	....
Virgin Islands	4,561	....	1,765	1,765	....	....
Indian Tribes	....	....	....	....	....	....
Undistributed	5	....	....	....	2,855,443	....
DOL Evaluation Office	11,600	....	11,600	11,600	....	....
Dept. Health & Human Services	2,098	....	2,098	2,098	....	....
Total	**2,949,682**	**.........**	**2,861,575**	**2,861,575**	**2,855,443**	**.........**

Department of Transportation, Federal Aviation Administration **69-8106-0-7-402**

Table 15–35. AIRPORT IMPROVEMENT PROGRAM (20.106)

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from:			FY 2015 (estimated)	FY 2015 Percentage of distributed total
		Previous authority	New Authority	Total		
Alabama	76,684	....	59,518	59,518	54,041	1.88
Alaska	204,605	....	217,291	217,291	197,296	6.86
Arizona	59,026	....	71,403	71,403	64,832	2.25
Arkansas	28,474	....	45,601	45,601	41,405	1.44
California	261,274	....	244,492	244,492	221,994	7.72
Colorado	78,016	....	85,628	85,628	77,748	2.70
Connecticut	4,148	....	16,126	16,126	14,642	0.51
Delaware	8,148	....	5,176	5,176	4,700	0.16
District of Columbia	300	....	312	312	283	0.01
Florida	190,136	....	162,331	162,331	147,394	5.12
Georgia	69,304	....	79,516	79,516	72,199	2.51
Hawaii	44,035	....	34,757	34,757	31,559	1.10
Idaho	24,443	....	21,751	21,751	19,749	0.69
Illinois	172,808	....	150,677	150,677	136,812	4.76
Indiana	79,562	....	64,145	64,145	58,243	2.02
Iowa	49,667	....	46,347	46,347	42,083	1.46
Kansas	31,565	....	35,119	35,119	31,887	1.11
Kentucky	48,503	....	44,506	44,506	40,410	1.40
Louisiana	32,062	....	46,631	46,631	42,340	1.47
Maine	23,328	....	24,443	24,443	22,194	0.77
Maryland	34,631	....	23,645	23,645	21,469	0.75
Massachusetts	64,729	....	59,503	59,503	54,028	1.88
Michigan	70,005	....	76,485	76,485	69,447	2.41
Minnesota	38,135	....	48,453	48,453	43,995	1.53
Mississippi	26,479	....	40,576	40,576	36,842	1.28
Missouri	38,441	....	48,291	48,291	43,847	1.52
Montana	32,560	....	36,807	36,807	33,420	1.16
Nebraska	34,046	....	37,951	37,951	34,459	1.20
Nevada	24,854	....	40,052	40,052	36,366	1.26
New Hampshire	13,450	....	17,851	17,851	16,209	0.56
New Jersey	15,333	....	39,530	39,530	35,892	1.25
New Mexico	26,243	....	26,102	26,102	23,700	0.82
New York	108,204	....	118,010	118,010	107,151	3.72
North Carolina	81,159	....	82,495	82,495	74,903	2.60
North Dakota	32,868	....	35,597	35,597	32,321	1.12
Ohio	50,451	....	69,867	69,867	63,438	2.21
Oklahoma	32,366	....	38,572	38,572	35,023	1.22
Oregon	38,502	....	54,133	54,133	49,152	1.71
Pennsylvania	64,753	....	63,052	63,052	57,250	1.99
Rhode Island	19,140	....	10,984	10,984	9,974	0.35
South Carolina	27,659	....	42,581	42,581	38,662	1.34
South Dakota	30,250	....	31,757	31,757	28,835	1.00
Tennessee	72,000	....	76,646	76,646	69,593	2.42
Texas	218,427	....	203,343	203,343	184,632	6.42
Utah	53,761	....	52,565	52,565	47,728	1.66
Vermont	14,462	....	17,452	17,452	15,846	0.55
Virginia	73,882	....	72,768	72,768	66,072	2.30
Washington	86,407	....	93,408	93,408	84,813	2.95
West Virginia	20,188	....	20,262	20,262	18,398	0.64
Wisconsin	59,678	....	62,917	62,917	57,127	1.99
Wyoming	30,714	....	24,419	24,419	22,172	0.77
American Samoa	6,488	....	4,859	4,859	4,411	0.15
Guam	5,400	....	9,030	9,030	8,199	0.29
Northern Mariana Islands	4,768	....	10,747	10,747	9,758	0.34
Puerto Rico	2,127	....	15,214	15,214	13,814	0.48
Freely Associated States	....	....	....	....	....	....
Virgin Islands	8,835	....	6,544	6,544	5,942	0.21
Indian Tribes	....	....	....	....	....	....
Undistributed	....	....	....	....	....	....
Total	**3,047,483**	**........**	**3,168,238**	**3,168,238**	**2,876,699**	**[1] 100.00**

[1] Excludes undistributed obligations.

Department of Transportation, Federal Highway Administration **69-8083-0-7-401**

Table 15–36. HIGHWAY PLANNING AND CONSTRUCTION (20.205)

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from:			FY 2015 (estimated)	FY 2015 Percentage of distributed total
		Previous authority	New Authority	Total		
Alabama	842,743	....	711,652	711,652	804,520	1.92
Alaska	596,940	....	470,430	470,430	536,741	1.28
Arizona	768,351	....	712,698	712,698	776,195	1.85
Arkansas	576,308	....	463,208	463,208	549,032	1.31
California	3,728,508	....	3,430,674	3,430,674	3,896,779	9.28
Colorado	572,716	....	772,687	772,687	791,961	1.89
Connecticut	485,696	....	453,889	453,889	532,678	1.27
Delaware	170,516	....	153,687	153,687	179,397	0.43
District of Columbia	176,855	....	146,057	146,057	169,215	0.40
Florida	1,909,494	....	1,736,549	1,736,549	2,011,703	4.79
Georgia	1,257,520	....	1,181,931	1,181,931	1,369,306	3.26
Hawaii	181,986	....	154,821	154,821	179,369	0.43
Idaho	297,823	....	262,970	262,970	303,318	0.72
Illinois	1,455,164	....	1,301,438	1,301,438	1,507,820	3.59
Indiana	862,259	....	868,698	868,698	1,010,481	2.41
Iowa	496,399	....	459,207	459,207	525,174	1.25
Kansas	377,280	....	345,912	345,912	400,736	0.95
Kentucky	785,120	....	608,192	608,192	704,579	1.68
Louisiana	735,876	....	644,846	644,846	744,262	1.77
Maine	199,023	....	168,972	168,972	195,762	0.47
Maryland	568,868	....	545,503	545,503	637,330	1.52
Massachusetts	629,904	....	563,047	563,047	644,146	1.53
Michigan	1,070,019	....	966,206	966,206	1,120,100	2.67
Minnesota	610,497	....	590,511	590,511	691,521	1.65
Mississippi	518,245	....	438,603	438,603	512,873	1.22
Missouri	925,259	....	861,913	861,913	1,003,902	2.39
Montana	467,248	....	375,570	375,570	435,100	1.04
Nebraska	303,165	....	265,382	265,382	306,517	0.73
Nevada	339,596	....	330,905	330,905	385,109	0.92
New Hampshire	170,497	....	150,342	150,342	175,222	0.42
New Jersey	1,069,364	....	910,644	910,644	1,058,953	2.52
New Mexico	341,542	....	331,016	331,016	403,750	0.96
New York	1,754,708	....	1,541,973	1,541,973	1,780,273	4.24
North Carolina	1,067,754	....	957,085	957,085	1,106,029	2.63
North Dakota	282,469	....	222,238	222,238	263,280	0.63
Ohio	1,343,441	....	1,253,029	1,253,029	1,434,039	3.41
Oklahoma	626,026	....	578,734	578,734	672,534	1.60
Oregon	482,008	....	460,028	460,028	530,052	1.26
Pennsylvania	1,773,012	....	1,507,995	1,507,995	1,740,024	4.14
Rhode Island	238,157	....	200,370	200,370	231,925	0.55
South Carolina	704,573	....	614,696	614,696	711,528	1.69
South Dakota	272,272	....	255,496	255,496	299,065	0.71
Tennessee	848,721	....	763,712	763,712	896,133	2.13
Texas	3,228,567	....	3,159,676	3,159,676	3,660,571	8.72
Utah	322,431	....	317,853	317,853	368,237	0.88
Vermont	216,570	....	186,030	186,030	215,235	0.51
Virginia	1,046,641	....	921,961	921,961	1,079,176	2.57
Washington	717,237	....	622,743	622,743	718,926	1.71
West Virginia	429,188	....	400,029	400,029	463,433	1.10
Wisconsin	771,160	....	708,748	708,748	797,920	1.90
Wyoming	264,180	....	245,913	245,913	271,675	0.65
American Samoa	14,141	....	18,962	18,962	26,049	0.06
Guam	19,694	....	14,432	14,432	14,553	0.03
Northern Mariana Islands	57	....	42	42	42	*
Puerto Rico	134,522	....	137,185	137,185	143,550	0.34
Freely Associated States	....	....	....	....	....	....
Virgin Islands	17,911	....	13,124	13,124	13,235	0.03
Indian Tribes	....	....	....	....	....	....
Undistributed	....	....	[1] 5,025,595	5,025,595	[1] 6,749,192	....
Total	**40,066,221**	....	**[2] 41,505,809**	**41,505,809**	**[3] 48,750,227**	**[4] 100.00**

* 0.005 percent or less.

NOTE: This table also includes budget account numbers 69-0500-0-1-401, 69-0504-0-1-401, 69-0548-0-1-401, and the proposed Fixing and Accelerating Surface Transportation (FAST) Program.

NOTE: The estimated FY 2015 obligation limitation distribution is calculated based on FY 2014 Apportionment Shares under the Moving Ahead for Progress in the 21st Century Act (MAP-21) and does not reflect any reauthorization proposal on apportionment formulas.

[1] This amount includes funding for allocated programs which has not been identified as being provided to a specific State at this time.

[2] The FY 2014 column reflects the estimated distribution of Federal-aid Highways obligation limitation plus exempt contract authority post sequestration and estimated Emergency Relief Program amounts.

[3] The FY 2015 column reflects estimated distributions of Federal-aid Highways obligation limitation plus exempt contract authority and estimated Emergency Relief Program amounts.

[4] Excludes undistributed obligations.

Department of Transportation, Federal Transit Administration **69-8350-0-7-401**

Table 15–37. TRANSIT FORMULA GRANTS PROGRAMS (20.507)

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from:			FY 2015 (estimated)	FY 2015 Percentage of distributed total
		Previous authority	New Authority	Total		
Alabama	44,092	55,380	15,977	71,357	53,401	0.49
Alaska	56,172	6,436	20,354	26,790	68,031	0.62
Arizona	120,861	108,539	43,795	152,334	146,379	1.34
Arkansas	26,303	6,032	9,531	15,563	31,856	0.29
California	642,221	1,264,793	232,712	1,497,505	777,812	7.12
Colorado	118,069	14,865	42,783	57,648	142,997	1.31
Connecticut	267,302	217,843	96,858	314,701	323,737	2.96
Delaware	15,706	33,256	5,691	38,947	19,022	0.17
District of Columbia	241,175	234,034	87,391	321,425	292,094	2.67
Florida	262,313	303,433	95,050	398,483	317,695	2.91
Georgia	252,698	141,563	91,567	233,130	306,050	2.80
Hawaii	44,702	22,788	16,198	38,986	54,140	0.50
Idaho	17,879	15,282	6,479	21,761	21,654	0.20
Illinois	691,458	42,057	250,553	292,610	837,445	7.67
Indiana	109,856	38,179	39,807	77,986	133,050	1.22
Iowa	51,861	14,632	18,792	33,424	62,810	0.57
Kansas	36,626	15,896	13,272	29,168	44,359	0.41
Kentucky	82,030	16,354	29,724	46,078	99,349	0.91
Louisiana	41,307	40,810	14,968	55,778	50,028	0.46
Maine	17,420	17,676	6,312	23,988	21,098	0.19
Maryland	306,945	104,766	111,223	215,989	371,750	3.40
Massachusetts	346,801	244,762	125,665	370,427	420,021	3.84
Michigan	171,412	80,397	62,112	142,509	207,602	1.90
Minnesota	156,324	55,070	56,645	111,715	189,329	1.73
Mississippi	8,841	25,564	3,203	28,767	10,707	0.10
Missouri	132,547	48,616	48,029	96,645	160,531	1.47
Montana	21,589	7,653	7,823	15,476	26,147	0.24
Nebraska	26,307	22,940	9,532	32,472	31,861	0.29
Nevada	57,119	29,355	20,697	50,052	69,178	0.63
New Hampshire	13,671	12,534	4,954	17,488	16,558	0.15
New Jersey	751,059	44,522	272,150	316,672	909,630	8.33
New Mexico	51,596	20,724	18,696	39,420	62,490	0.57
New York	1,495,886	1,207,755	542,042	1,749,797	1,811,711	16.58
North Carolina	127,259	93,236	46,113	139,349	154,127	1.41
North Dakota	15,123	8,773	5,480	14,253	18,316	0.17
Ohio	233,523	66,856	84,618	151,474	282,827	2.59
Oklahoma	23,272	24,138	8,433	32,571	28,186	0.26
Oregon	175,112	27,828	63,453	91,281	212,084	1.94
Pennsylvania	501,514	171,673	181,726	353,399	607,398	5.56
Rhode Island	59,221	23,512	21,459	44,971	71,725	0.66
South Carolina	31,506	36,047	11,416	47,463	38,158	0.35
South Dakota	16,646	5,212	6,032	11,244	20,160	0.18
Tennessee	94,446	41,501	34,223	75,724	114,386	1.05
Texas	342,957	216,583	124,142	340,725	414,929	3.80
Utah	46,775	28,764	16,949	45,713	56,650	0.52
Vermont	40,934	2,708	14,832	17,540	49,576	0.45
Virginia	137,025	97,194	49,652	146,846	165,955	1.52
Washington	261,100	75,814	94,611	170,425	316,226	2.89
West Virginia	22,276	19,399	8,072	27,471	26,980	0.25
Wisconsin	145,741	17,489	52,810	70,299	176,512	1.62
Wyoming	17,193	2,470	6,230	8,700	20,823	0.19
American Samoa	....	....	....	....	....	....
Guam	....	....	....	....	....	....
Northern Mariana Islands	2,949	....	1,069	1,069	3,572	0.03
Puerto Rico	42,102	117,593	15,256	132,849	50,991	0.47
Freely Associated States	3,547	3,474	1,285	4,759	4,296	0.04
Virgin Islands	....	....	....	....	....	....
Indian Tribes	....	....	....	....	....	....
Undistributed	[1] 49,639	[2] 77,938	20,848	98,786	[3] 62,627	....
Total	**9,070,008**	**5,672,708**	**3,289,294**	**8,962,002**	**10,987,026**	**[4] 100.00**

[1] Undistributed line contains the Oversight take down of $49,639

[2] Includes the Oversight take down $64,757 and a undistributed amount of $13,181.

[3] FY 2015 Undistributed line contains the Oversight take down of $62,627

[4] Excludes undistributed obligations.

Environmental Protection Agency, Office of Water **68-0103-0-1-304**

Table 15–38. CAPITALIZATION GRANTS FOR CLEAN WATER STATE REVOLVING FUND (66.458)

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from: Previous authority	New Authority	Total	FY 2015 (estimated)	FY 2015 Percentage of distributed total
Alabama	15,080	950	14,886	15,836	11,048	1.09
Alaska	8,071	509	7,967	8,476	5,913	0.58
Arizona	14,812	574	8,992	9,566	6,673	0.66
Arkansas	8,819	556	8,709	9,265	6,463	0.63
California	98,111	6,077	95,213	101,290	70,662	6.94
Colorado	10,787	680	10,649	11,329	7,903	0.78
Connecticut	16,521	1,041	16,309	17,350	12,104	1.19
Delaware	6,620	417	6,536	6,953	4,850	0.48
District of Columbia	6,620	417	6,536	6,953	4,850	0.48
Florida	45,521	2,868	44,938	47,806	33,350	3.28
Georgia	22,801	1,437	22,509	23,946	16,705	1.64
Hawaii	10,095	658	10,311	10,969	7,652	0.75
Idaho	6,620	417	6,536	6,953	4,850	0.48
Illinois	60,992	3,843	60,209	64,052	44,684	4.39
Indiana	32,514	2,048	32,083	34,131	23,811	2.34
Iowa	11,176	1,150	18,018	19,168	13,372	1.31
Kansas	12,173	767	12,017	12,784	8,918	0.88
Kentucky	17,316	1,081	16,944	18,025	12,575	1.24
Louisiana	14,822	934	14,635	15,569	10,861	1.07
Maine	10,439	658	10,305	10,963	7,648	0.75
Maryland	32,617	2,055	32,198	34,253	23,896	2.35
Massachusetts	45,786	2,885	45,199	48,084	33,545	3.30
Michigan	57,986	3,654	57,242	60,896	42,482	4.17
Minnesota	24,787	1,562	24,469	26,031	18,160	1.78
Mississippi	21,286	766	11,994	12,760	8,902	0.87
Missouri	37,709	2,356	36,905	39,261	27,389	2.69
Montana	6,620	417	6,536	6,953	4,850	0.48
Nebraska	13,812	435	6,809	7,244	5,054	0.50
Nevada	6,622	417	6,536	6,953	4,850	0.48
New Hampshire	13,477	849	13,304	14,153	9,874	0.97
New Jersey	55,109	[1] 194,578	54,402	248,980	40,374	3.97
New Mexico	6,617	417	6,536	6,953	4,850	0.48
New York	149,066	[2] 292,481	146,932	439,413	109,056	10.71
North Carolina	49,846	1,534	24,026	25,560	17,831	1.75
North Dakota	6,620	417	6,536	6,953	4,850	0.48
Ohio	75,919	4,784	74,945	79,729	55,621	5.46
Oklahoma	10,892	687	10,755	11,442	7,982	0.78
Oregon	15,234	960	15,039	15,999	11,161	1.10
Pennsylvania	53,539	3,366	52,734	56,100	39,137	3.84
Rhode Island	9,055	571	8,939	9,510	6,634	0.65
South Carolina	24,204	871	13,638	14,509	10,122	0.99
South Dakota	6,620	417	6,536	6,953	4,850	0.48
Tennessee	19,590	1,234	19,340	20,574	14,353	1.41
Texas	61,142	3,884	60,847	64,731	45,158	4.44
Utah	7,106	448	7,014	7,462	5,206	0.51
Vermont	6,620	417	6,536	6,953	4,850	0.48
Virginia	27,599	1,739	27,245	28,984	20,220	1.99
Washington	23,482	1,478	23,151	24,629	17,182	1.69
West Virginia	21,023	1,325	20,752	22,077	15,402	1.51
Wisconsin	36,458	2,297	35,991	38,288	26,710	2.62
Wyoming	6,620	417	6,536	6,953	4,850	0.48
American Samoa	7,306	462	7,231	7,693	5,353	0.53
Guam	9,133	334	5,232	5,566	3,873	0.38
Northern Mariana Islands	3,396	214	3,361	3,575	2,488	0.24
Puerto Rico	17,190	1,108	17,364	18,472	12,886	1.27
Freely Associated States	....	....	....	....	....	....
Virgin Islands	3,249	268	4,197	4,465	3,107	0.31
Indian Tribes	18,644	1,739	27,239	28,978	30,000	2.95
Undistributed	[3] 439	[4] 500	[5] 3,622	4,122	....	....
Total	**1,422,330**	**561,425**	**1,362,170**	**1,923,595**	**1,018,000**	**[6] 100.00**

[1] Includes $191.1 million from P.L. 113–2, the Disaster Relief Appropriations Act of 2013.

[2] Includes $283.1 million from P.L. 113–2, the Disaster Relief Appropriations Act of 2013.

[3] Includes $62,000 for a SEE employee supporting SRF activates in Region 7s States, $336,000 for an award to the Indian Health Service overseeing a project in the St. Regis Mohawk Tribe, and $41,000 from P.L. 133–2 for the Management and Oversight of Sandy Supplemental funds.

[4] For the management and oversight of Sandy supplemental funds, P.L. 113–2.

[5] Buy American set aside, P.L. 113–76.

[6] Excludes undistributed obligations.

Environmental Protection Agency, Office of Water **68-0103-0-1-304**

Table 15–39. CAPITALIZATION GRANTS FOR DRINKING WATER STATE REVOLVING FUND (66.468)

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from: Previous authority	New Authority	Total	FY 2015 (estimated)	FY 2015 Percentage of distributed total
Alabama	10,438	1,351	15,541	16,892	14,037	1.86
Alaska	8,421	708	8,137	8,845	7,350	0.97
Arizona	21,274	1,278	14,691	15,969	13,270	1.76
Arkansas	12,743	1,083	12,451	13,534	11,246	1.49
California	79,040	6,658	76,563	83,221	69,154	9.16
Colorado	14,937	1,232	14,162	15,394	12,793	1.69
Connecticut	8,421	717	8,245	8,962	7,448	0.99
Delaware	8,421	708	8,137	8,845	7,350	0.97
District of Columbia	8,421	708	8,137	8,845	7,350	0.97
Florida	27,496	2,588	29,762	32,350	26,883	3.56
Georgia	19,899	1,543	17,741	19,284	16,025	2.12
Hawaii	7,971	708	8,137	8,845	7,350	0.97
Idaho	8,421	708	8,137	8,845	7,350	0.97
Illinois	32,116	2,953	33,958	36,911	30,672	4.06
Indiana	14,046	1,148	13,200	14,348	11,923	1.58
Iowa	29,697	1,058	12,171	13,229	10,993	1.46
Kansas	10,302	806	9,274	10,080	8,377	1.11
Kentucky	12,372	1,102	12,668	13,770	11,443	1.52
Louisiana	8,421	970	11,157	12,127	10,077	1.33
Maine	8,421	708	8,137	8,845	7,350	0.97
Maryland	13,066	1,201	13,811	15,012	12,475	1.65
Massachusetts	15,699	1,315	15,126	16,441	13,662	1.81
Michigan	25,579	2,202	25,328	27,530	22,877	3.03
Minnesota	14,131	1,266	14,561	15,827	13,152	1.74
Mississippi	8,773	733	8,426	9,159	7,611	1.01
Missouri	16,303	1,428	16,427	17,855	14,838	1.97
Montana	8,421	708	8,137	8,845	7,350	0.97
Nebraska	8,500	708	8,137	8,845	7,350	0.97
Nevada	8,421	1,009	11,605	12,614	10,482	1.39
New Hampshire	8,421	708	8,137	8,845	7,350	0.97
New Jersey	17,990	[1] 39,567	15,482	55,049	13,984	1.85
New Mexico	10,463	708	8,137	8,845	7,350	0.97
New York	55,485	[2] 60,017	39,059	99,076	35,280	4.67
North Carolina	42,918	1,656	19,039	20,695	17,197	2.28
North Dakota	8,421	708	8,137	8,845	7,350	0.97
Ohio	27,058	1,967	22,619	24,586	20,431	2.71
Oklahoma	15,914	1,140	13,111	14,251	11,842	1.57
Oregon	8,421	1,005	11,558	12,563	10,439	1.38
Pennsylvania	24,673	2,262	26,018	28,280	23,501	3.11
Rhode Island	8,421	708	8,137	8,845	7,350	0.97
South Carolina	17,396	708	8,137	8,845	7,350	0.97
South Dakota	8,729	708	8,137	8,845	7,350	0.97
Tennessee	9,359	708	8,137	8,845	7,350	0.97
Texas	53,517	5,116	58,837	63,953	53,144	7.04
Utah	8,421	738	8,491	9,229	7,670	1.02
Vermont	8,421	708	8,137	8,845	7,350	0.97
Virginia	14,275	1,172	13,482	14,654	12,177	1.61
Washington	21,499	1,579	18,162	19,741	16,404	2.17
West Virginia	8,421	708	8,137	8,845	7,350	0.97
Wisconsin	14,518	1,234	14,191	15,425	12,818	1.70
Wyoming	8,421	708	8,137	8,845	7,350	0.97
American Samoa	1,287	123	1,419	1,542	1,282	0.17
Guam	5,158	317	3,641	3,958	3,289	0.44
Northern Mariana Islands	3,829	271	3,118	3,389	2,816	0.37
Puerto Rico	8,421	708	8,137	8,845	7,350	0.97
Freely Associated States	....	....	....	....	....	....
Virgin Islands	9,021	350	4,028	4,378	3,638	0.48
Indian Tribes	14,371	1,451	16,687	18,138	20,000	2.65
Undistributed	[3] 13,279	[4] 660	[5] 4,107	4,767	[6] 2,000	....
Total	**926,699**	**167,718**	**834,520**	**1,002,238**	**757,000**	[7] **100.00**

[1] Includes $38.2 million from P.L. 113–2, the Disaster Relief Appropriations Act of 2013.

[2] Includes $56.6 million from P.L. 113–2, the Disaster Relief Appropriations Act of 2013.

[3] Includes $13.24 million for Unregulated Contaminant Monitoring (UCM), which is required by Section 1452(o) of the Safe Drinking Water Act (SDWA), as amended, to annually set-aside $2 million of State Revolving Funds to pay the costs of small system monitoring and sample analysis for contaminants for each cycle of the UCMR, and $36,000 from P.L. 113–2 for the management and oversight of Sandy Supplemental funds.

[4] Includes $160 thousand for UCMR and $500 thousand from P.L. 113–2 for the management and oversight of Sandy Supplemental funds.

[5] Includes $1.84 million for UCMR and $2.26 million from P.L. 113–76 for the Buy American set aside.

[6] UCMR set aside.

[7] Excludes undistributed obligations.

Federal Communications Commission **27-5183-0-2-376**

Table 15–40. UNIVERSAL SERVICE FUND E-RATE

(Obligations in thousands of dollars)

State or Territory	FY 2013 Actual	Estimated FY 2014 obligations from: Previous authority	New Authority	Total	FY 2015 (estimated)	FY 2015 Percentage of distributed total
Alabama	29,909	24,930	7,873	32,803	39,836	1.71
Alaska	47,363	39,477	12,466	51,943	63,082	2.71
Arizona	47,724	39,778	12,561	52,339	63,563	2.73
Arkansas	26,019	21,687	6,849	28,536	34,655	1.49
California	246,682	205,611	64,930	270,541	328,554	14.09
Colorado	19,587	16,326	5,156	21,482	26,088	1.12
Connecticut	14,003	11,672	3,686	15,358	18,651	0.80
Delaware	2,768	2,307	729	3,036	3,687	0.16
District of Columbia	6,828	5,692	1,797	7,489	9,095	0.39
Florida	61,588	51,334	16,211	67,545	82,029	3.52
Georgia	63,479	52,910	16,709	69,619	84,547	3.63
Hawaii	2,108	1,757	555	2,312	2,808	0.12
Idaho	10,647	8,874	2,802	11,676	14,180	0.61
Illinois	67,005	55,849	17,637	73,486	89,244	3.83
Indiana	34,512	28,766	9,084	37,850	45,967	1.97
Iowa	13,195	10,999	3,473	14,472	17,575	0.75
Kansas	15,726	13,108	4,139	17,247	20,946	0.90
Kentucky	29,813	24,849	7,847	32,696	39,707	1.70
Louisiana	40,165	33,478	10,572	44,050	53,495	2.29
Maine	6,616	5,514	1,741	7,255	8,811	0.38
Maryland	17,796	14,833	4,684	19,517	23,702	1.02
Massachusetts	21,433	17,864	5,641	23,505	28,546	1.22
Michigan	32,743	27,292	8,618	35,910	43,610	1.87
Minnesota	22,157	18,468	5,832	24,300	29,511	1.27
Mississippi	24,552	20,465	6,462	26,927	32,701	1.40
Missouri	30,333	25,282	7,984	33,266	40,400	1.73
Montana	3,908	3,257	1,029	4,286	5,204	0.22
Nebraska	8,375	6,981	2,204	9,185	11,155	0.48
Nevada	6,678	5,566	1,758	7,324	8,894	0.38
New Hampshire	2,157	1,798	568	2,366	2,873	0.12
New Jersey	45,227	37,697	11,904	49,601	60,238	2.58
New Mexico	24,254	20,216	6,384	26,600	32,304	1.39
New York	90,747	75,638	23,886	99,524	120,865	5.18
North Carolina	56,138	46,792	14,776	61,568	74,770	3.21
North Dakota	3,549	2,958	934	3,892	4,727	0.20
Ohio	59,920	49,944	15,772	65,716	79,807	3.42
Oklahoma	53,383	44,495	14,051	58,546	71,101	3.05
Oregon	14,573	12,147	3,836	15,983	19,410	0.83
Pennsylvania	55,142	45,962	14,514	60,476	73,444	3.15
Rhode Island	5,427	4,523	1,428	5,951	7,228	0.31
South Carolina	37,585	31,328	9,893	41,221	50,060	2.15
South Dakota	4,010	3,343	1,056	4,399	5,341	0.23
Tennessee	35,166	29,311	9,256	38,567	46,837	2.01
Texas	166,288	138,602	43,769	182,371	221,478	9.50
Utah	13,053	10,879	3,436	14,315	17,385	0.75
Vermont	2,071	1,726	545	2,271	2,758	0.12
Virginia	28,819	24,021	7,586	31,607	38,384	1.65
Washington	25,861	21,556	6,807	28,363	34,444	1.48
West Virginia	15,518	12,935	4,085	17,020	20,669	0.89
Wisconsin	25,295	21,084	6,658	27,742	33,691	1.45
Wyoming	3,127	2,606	823	3,429	4,164	0.18
American Samoa	1,081	901	285	1,186	1,440	0.06
Guam	674	562	177	739	898	0.04
Northern Mariana Islands	458	382	121	503	610	0.03
Puerto Rico	22,212	18,514	5,846	24,360	29,584	1.27
Freely Associated States	....	....	....	....	....	....
Virgin Islands	5,106	4,256	1,344	5,600	6,801	0.29
Indian Tribes	....	....	....	....	....	....
Undistributed	....	....	....	....	....	....
Total	**1,750,553**	**1,459,102**	**460,769**	**1,919,871**	**2,331,554**	[1] **100.00**

[1] Excludes undistributed obligations.

16. 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, the environment, agriculture, crime, education, energy, 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 and equitable availability of objective, relevant, accurate, and timely Federal statistics.

The Federal statistical community is attentive to opportunities to improve these measures of our Nation's performance, which is critical to fostering long-term global competitiveness. For example, during 2013 and 2014, Federal statistical agencies:

- addressed data gaps exposed by the recent financial crisis and recession in the comprehensive revision of the national income and product accounts *(Bureau of Economic Analysis)*;
- redesigned and modernized the National Crime Victimization Survey to produce more reliable, valid, and relevant estimates of the Nation's crime victimization incidents *(Bureau of Justice Statistics)*;
- added new variables on self-employed persons to the Current Population Survey's public use files to support analysis of additional characteristics of the self-employed and investigations of how these change over time *(Bureau of Labor Statistics)*;
- improved access to geospatial data through the National Transportation Atlas Viewer and to all forms of transportation data through the National Transportation Library *(Bureau of Transportation Statistics)*;
- achieved a significant electronic response rate increase for the Economic Census from 29 percent in 2007 to 53 percent in 2012 *(Census Bureau)*;
- accelerated the release of an international trade in goods and services economic indicator to foster U.S. global competitiveness and economic growth for American businesses, workers, and consumers *(Bureau of Economic Analysis and Census Bureau)*;
- linked Supplemental Nutrition Assistance Program (SNAP) administrative records from Texas to American Community Survey data to enable SNAP Administrators to better target outreach within the largest counties of Texas *(Economic Research Service)*;
- combined real-time data feeds from the National Hurricane Center with extensive energy infrastructure and resource geospatial data layers to launch a mapping application that visualizes storm threats to energy systems (*Energy Information Administration*);
- provided farmer data to the Conservation Effects Assessment Project whose results indicate that, compared to 2006, producers in the Chesapeake Bay watershed have increased adoption of conservation practices on cultivated cropland which has resulted in a significant decrease in pollution *(National Agricultural Statistics Service)*;
- monitored educational progress by providing estimates indicating that the percentages of students at or above proficient levels in mathematics at grade 4, and in reading at grades 4 and 8 increased from 2011 to 2013, and were higher than in the early 1990s in both subjects and grades *(National Center for Education Statistics)*;
- produced the most current and complete national and State-specific (for the largest States) data available to track health insurance coverage, affordability of medical care and medications, usual source of medical care, preventive services, and emergency room visits *(National Center for Health Statistics)*;
- incorporated Research and Development (R&D) survey data into the U.S. Gross Domestic Product and other national income and product accounts by treating R&D as an investment that generates future income and product thereby facilitating international comparisons of national economic statistics *(Bureau of Economic Analysis and National Center for Science and Engineering Statistics)*;
- negotiated and implemented 40 data sharing agreements supporting the wide variety of research and statistical activities of our Federal, State, and local agency partners to leverage and enhance the value of already collected administrative data *(Office of Research, Evaluation, and Statistics, SSA)*;
- addressed key tax administration issues through the Joint Statistical Research Program by leveraging the skills and resources of academics, non-profit organizations, and other Federal Government agencies *(Statistics of Income Division, IRS)*; and
- released, for the first time, real (inflation-adjusted) personal income for States and metropolitan areas based on regional price parities that allow the comparison of real personal income across regions and time periods *(Bureau of Economic Analysis)*.

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, transparency, 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 unlocking the power of Government data to improve the quality of information available to the American people while maximizing the cost-effective use of resources for the collection of Federal statistics within a constrained fiscal environment. This chapter presents highlights of principal statistical agencies' 2015 budget proposals.

Highlights of 2015 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 16–1). The remaining funding supports work in approximately 90 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 2015*, when it is published later this year. The following highlights the Administration's proposals for the programs of the principal Federal statistical agencies, giving particular attention to new initiatives and to other program changes.

Bureau of Economic Analysis (BEA), Department of Commerce: Funding is requested to provide support for ongoing BEA programs and to: (1) create a new suite of small business data products, including expanding data on small businesses by developing a Small Business Satellite Account, with a new Small Business GDP to track the overall growth and health of the small-business sector; and (2) continue to implement a critical modernization of BEA's information technology system that will lead to an increase in operational efficiency and security of statistical production and analysis.

Bureau of Justice Statistics (BJS), Department of Justice: Funding is requested to provide support for ongoing BJS programs and to: (1) improve BJS' criminal victimization statistics derived from the National Crime Victimization Survey with special emphasis on generating sub-national estimates and enhancing data on the crimes of rape and sexual assault; (2) launch statistical collections which examine public defender agencies, programs and operations; (3) continue exploration of the use of administrative records data in police and correctional agencies to provide new statistics in these areas, including recidivism information, arrests, and offenses known to the police; (4) expand the surveys of inmates of prisons and jails to inform the process of re-entry; (5) improve the availability of justice statistics for Indian country; and (6) continue to support the enhancement of criminal justice statistics available through State statistical analysis centers.

Bureau of Labor Statistics (BLS), Department of Labor: In FY 2015, funding is requested to provide support for ongoing BLS programs and to: (1) add an annual supplement to the Current Population Survey (CPS) to capture data on contingent work and alternative work arrangements in even years, and on other topics in odd years; and (2) modify the Consumer Expenditure (CE) Survey to support the Census Bureau in its development of a supplemental statistical poverty measure.

Bureau of Transportation Statistics (BTS), Department of Transportation: Funding is requested to support ongoing BTS programs and to: (1) reinstitute a travel data program to measure city-to-city passenger travel by all modes of transportation to inform the Nation's transportation investments, including high-speed rail initiatives, and to illuminate DOT's continued focus on safety; (2) estimate the inventory and use of trucks nationally to capture their physical and operating characteristics, conduct safety analyses, estimate fuel consumption, evaluate their economic productivity, and develop statistics of highway usage and cost allocation; and (3) improve methods and data for calculating the value of transportation infrastructure and services.

Census Bureau, Department of Commerce: Funding is requested to provide support for ongoing Census Bureau programs and to: (1) conduct critical research, testing, and development for the 2020 Census program to support key operational decisions about fundamental changes to program, business, operational, and technical processes that must be made by the end of FY 2015; (2) complete data releases for the 2012 Economic Census and begin planning for the 2017 Economic Census; (3) reinstate the Boundary and Annexation Survey in 2015; and (4) support a Census Enterprise Data Collection and Processing Initiative which will create an integrated and standardized "system of systems" that will replace unique, survey-specific systems with an enterprise solution.

Economic Research Service (ERS), Department of Agriculture: Funding is requested to provide support for ongoing ERS programs, and to expand internal expertise, support collaboration with USDA program agencies, and form partnerships with extramural researchers to: (1) perform and evaluate experiments that incorporate concepts from behavioral economics to identify high (and low) performing program alternatives before incurring the costs associated with new program implementation; and (2) create and evaluate unique merged administrative data systems by linking multiple data sources, assessing statistical properties, and analyzing the merged data for policy-relevant findings.

Energy Information Administration (EIA), Department of Energy: Funding is requested to provide support for ongoing EIA programs and to: (1) improve EIA's capability to track and report on rapidly-changing domestic energy market dynamics, including expanded collection of domestic oil and gas production and collaboration with member States of the Ground Water Protection Council to make EIA a repository for well-level petroleum data from States; (2) illuminate domestic energy market dynamics within the broader context of the world energy system, including the global markets for liquefied natural gas, crude oil, and refined products; and (3) develop an interface that enables groups with common interests to crowd-source, or pool information to determine the actual effectiveness of specific building efficiency technologies, practices, and characteristics in reducing energy use while maintaining energy services.

National Agricultural Statistics Service (NASS), Department of Agriculture: Funding is requested to provide support for ongoing NASS programs and to: (1) conduct a survey to provide baseline estimates of the extent of honey bee Colony Collapse Disorder, and quantitative information on potential causes of these significant losses in pollinator populations; (2) expand geospatial research to enable more accurate, detailed, and systematic greenhouse gas modeling, monitoring, and assessment; (3) restore fruit, nut, and vegetable in-season production reports; (4) restore reports on chemical use on major row crops, on vegetable crops, and in post-harvest activities; (5) continue the annual Current Agriculture Industrial Reports to support Federal agencies' agricultural production estimation requirements as well as private industry's efforts to monitor the effect of international trade on domestic production, evaluate the relationship between company and industry performance, and support market analysis and planning; (6) conduct the Quinquennial Census of Horticulture Specialties study to provide estimates of horticultural product production and sales as well as industry expenses, growing area, and hired labor; and (7) conduct the Tenure, Ownership, and Transition of Agricultural Land Census of Agriculture follow-on study to inform policy decisions for USDA programs linked to farm land ownership and rental arrangements, support research on generational transitions in agriculture, and provide updated agricultural parameters for the National Accounts.

National Center for Education Statistics (NCES), Department of Education: Funding is requested to provide support for ongoing NCES activities and to: (1) 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; (2) collect student-level institutional administrative data on a two-year cycle to supplement the National Postsecondary Student Aid Study student survey with more frequent information on educational costs, financial aid, enrollment, and progress; (3) collect data on elementary and secondary school teachers and principals every two years, instead of every four years, in order to provide more timely information about this key workforce; and (4) include in the 2015 National Household Education Surveys an adult education survey that provides information on training that adults seek and receive outside of traditional colleges and universities.

National Center for Health Statistics (NCHS), Department of Health and Human Services: Funding is requested to provide support for ongoing NCHS core programs to: (1) provide relevant, accurate, and timely 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, births to unmarried women, and teenage pregnancy; (4) monitor health care utilization through the family of provider surveys; (5) provide National Health and Nutrition Examination Survey data on diet and nutrition, blood pressure, chronic diseases, and other health indicators; and (6) 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.

National Center for Science and Engineering Statistics (NCSES), National Science Foundation: Funding is requested to continue NCSES's core mission to measure research and development trends, the science and engineering workforce, U.S. competitiveness, and the condition and progress of the Nation's STEM education and to support targeted improvements in NCSES statistical programs by: (1) enhancing the Survey of Doctorate Recipients to expand the sample to facilitate more finely detailed estimates by subfield, race, and gender, which will greatly augment the knowledge and understanding of these individuals and their contributions to the U.S. workforce; (2) planning and conducting a survey of R&D in the nonprofit sector, filling a data gap on this important segment of the economy; and (3) conducting a new data collection to gather in-depth information about post-doctoral appointees and other doctorate recipients who earned their first doctorate within the past 10 years.

Office of Research, Evaluation, and Statistics (ORES), Social Security Administration: Funding is requested to provide support for ongoing ORES programs and to continue to: (1) support outside survey and linkage of SSA administrative data to surveys; (2) complete data collection, produce data files and provide SSA with data from the redesigned Survey of Income and Program Participation to address Social Security's data needs for microsimulation models, program evaluation, and analysis; (3) provide enhanced statistical and analytical support for initiatives to improve Social Security and other government agency programs; and (4) expand use of administrative data for policy research through the Retirement Research Consortium and Disability Research Consortium.

Statistics of Income Division (SOI), Department of the Treasury: Funding is requested to provide support for ongoing SOI programs and to: (1) further modernize tax data collection systems by utilizing new information technology to better support SOI's complex data collection programs; (2) integrate population and information return data with SOI-edited data to provide rich longitudinal and/or cross-sectional data that can be used to better understand the complex interaction between taxes and economic behavior; (3) develop improved statistical techniques for identifying and correcting outliers and data anomalies in Internal Revenue Service administrative population files; (4) partner with tax policy experts within and outside government to produce top quality research on key tax administration issues; (5) enhance the design, quality, clarity, and number of SOI's products; and (6) stringently protect taxpayer data from inadvertent disclosure.

Table 16–1. 2013–2015 BUDGET AUTHORITY FOR PRINCIPAL STATISTICAL AGENCIES[1]

(In millions of dollars)

	Actual 2013	Estimate	
		2014	2015
Bureau of Economic Analysis	93	99	111
Bureau of Justice Statistics[2]	53	53	63
Bureau of Labor Statistics	577	592	610
Bureau of Transportation Statistics	26	26	29
Census Bureau[3]	859	944	1210
Salaries and Expenses[3]	238	252	248
Periodic Censuses and Programs	621	692	962
Economic Research Service	71	78	83
Energy Information Administration	100	117	123
National Agricultural Statistics Service[4]	167	161	179
National Center for Education Statistics[5]	249	259	273
Statistics[5]	118	119	140
Assessment	123	132	125
National Assessment Governing Board	8	8	8
National Center for Health Statistics[6]	154	155	155
National Center for Science and Engineering Statistics , NSF[7]	42	47	59
Office of Research, Evaluation, and Statistics, SSA	27	29	30
Statistics of Income Division, IRS	35	37	37

[1] Reflects any rescissions and sequestration.

[2] Includes funds for management and administrative costs of $7.6, $7.2, and $7.2 million in 2013, 2014, 2015, respectively, that were previously displayed separately.

[3] Salaries and Expenses funds include discretionary and mandatory funds. 2013 Total does not reflect Working Capital Fund balances.

[4] Includes funds for the periodic Census of Agriculture of $59, $46, and $45 million in 2013, 2014, and 2015, respectively.

[5] Includes funds for salaries and expenses of $15, $16, and $17 million in 2013, 2014, and 2015, respectively, that are displayed in the Budget Appendix under the Institute of Education Sciences (IES). In addition, NCES manages the IES grant program for the State Longitudinal Data System which is funded at $36 million, $35 million, and $70 million in 2013, 2014, and 2015, respectively.

[6] All funds from the Public Health Service Evaluation Fund. The amounts do not include resources from the Prevention and Public Health Fund.

[7] Includes funds for salaries and expenses of $7.2, $7.6, and $7.8 million in 2013, 2014, and 2015, respectively.

17. INFORMATION TECHNOLOGY

The Administration continues its commitment to building a 21st century Government that is more efficient and effective for the American people. The Budget supports the President's Management Agenda, a comprehensive and forward-looking plan to deliver better, faster, and smarter services to citizens and businesses; increase quality and value in the Government's core administrative functions and continue efforts underway to enhance productivity to achieve cost savings across the Government; open Government-funded data and research to the public to spur innovation and economic growth; and unlock the full potential of today's Federal workforce and build the workforce we need for tomorrow. Delivering smarter information technology (IT) services is critical to achieving the Administration's management goals, and requires a strong emphasis on meeting user needs and delivering on intended impact. The Federal Government for 2015 plans to invest $79 billion in IT, sustaining efforts on cost savings and effective oversight. To ensure that this investment in IT serves American taxpayers well, the Administration has refined policies and oversight activities to address three key areas: delivering value in Federal IT investments; driving innovation to meet customer needs; and securing and protecting the Government's data.

This chapter describes the Federal IT budget and the Administration's Federal IT initiatives.

DELIVERING VALUE IN FEDERAL IT INVESTMENTS

Federal Spending on IT—For Federal programs to succeed it is critical that agencies view IT as a strategic asset, one that should be harnessed to increase efficiency and effectiveness in program performance and maximize customer service not only for agency users across the Government, but also for non-Federal users of Government information, such as States, localities, businesses, and individuals. Federal IT management policies have recently required agencies to modernize and streamline their IT investments, with a view to delivering on IT management goals of efficiency, effectiveness, customer service, and security. Through policy and oversight, this Administration has rationalized IT spending across the most important national priorities to increase efficiency, arresting the growth in IT spending witnessed prior to 2009, and delivering better value from IT to American taxpayers.

Total planned spending on IT for the FY 2015 Budget is estimated[1] to be $79.0 billion, 2.9 percent below the 2014 estimated level of $81.4 billion, as shown in Table 17-1. Spending estimates in Chart 17-1 depict how growth in IT spending of 7.10 percent per year over 2001-2009 has been slowed to 0.27 percent per year for 2009-2015. (This time series has been revised back to 2001, based on a revision of estimates for the Department of Defense.)

As the graph of spending over 2001-2015 shows, the basic trends reported in the past have persisted, despite the recent years showing significantly lower levels for both Defense and non-Defense. The lower spending levels in recent years are due to a number of factors, which may include the lower overall Federal budget levels for discretionary spending, as well as the achievement of improved efficiency in how funds are invested in IT.

Table 17–1. FEDERAL IT SPENDING
(Millions of dollars)

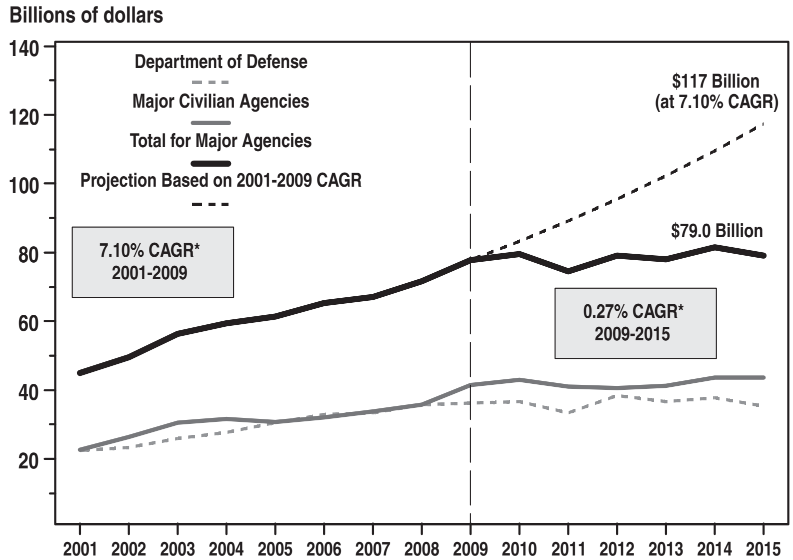
	2013	2014	2015
Department of Defense	36,624	37,644	35,370
Non-Defense	41,273	43,754	43,655
Total	**77,897**	**81,398**	**79,025**

Note: Defense IT spending includes estimates for IT investments for which details are classified, and not reflected on the IT Dashboard. DoD estimates shown for 2013-2015 also reflect improved internal accounting. Historical data in Chart 17-1 have been adjusted for DoD, to reflect the agency's judgment that previously reported 2001-2012 data should be adjusted down by 3 percent annually, to account for past overstatements in amounts for the Defense Working Capital Fund. All spending estimates reflect data available as of Feb. 26, 2014.

Focusing Agency IT Oversight on Comprehensive IT Portfolio Reviews—Information technology is essential to everything the Government does. The approximately $80 billion we invest each year in Federal IT helps airplanes land safely, small businesses secure loans, and retirees receive their Social Security benefits. As with any investment, we must ensure we get the maximum return on the Government's investment. In 2014-2015, the Administration will build on its approach strategically manage Federal IT by implementing a more rigorous application of its PortfolioStat model, which employs data-driven reviews of agency IT portfolios led by the Office of Management and Budget (OMB).

[1] Based on agencies represented on the IT Dashboard, located at: *http://itdashboard.gov*. Agencies for which IT investment information is displayed on the IT Dashboard are: Department of Agriculture, Department of Commerce, Department of Defense, Department of Education, Department of Energy, Department of Health and Human Services, Department of Homeland Security, Department of Housing and Urban Development, Department of the Interior, Department of Justice, Department of Labor, Department of State, Department of Transportation, Department of the Treasury, Department of Veterans Affairs, Environmental Protection Agency, General Services Administration, National Aeronautics and Space Administration, National Archives and Records Administration, National Science Foundation, Nuclear Regulatory Commission, Office of Personnel Management, Small Business Administration, Smithsonian Institution, Social Security Administration, U.S. Agency for International Development, and U.S. Army Corps of Engineers.

Chart 17-1. Trends in Federal IT Spending



*Compound Annual Growth Rate

Source: Total IT spending for agencies reporting to the IT Dashboard. Department of Defense has provided estimates for classified IT investments not shown on the IT Dashboard. Data for 2001-2012 for DOD reflect the agency's current determination that estimates should be adjusted down by 3 percent for past overstatements of Defense Working Capital Fund amounts. Chart reflects data available as of Feb. 26, 2014.

PortfolioStat assessments in 2012 and 2013 required agencies to collect and analyze baseline data on 13 common types of commodity IT investments, including infrastructure, business systems, and enterprise IT. OMB worked with agencies to review this data and compare spending levels with other agencies and private-sector benchmarks. This analysis resulted in the development of a list of opportunities to reduce inefficiencies, duplication, and unnecessary spending, and to reinvest those funds in the modernization of obsolete legacy systems. Since 2012, PortfolioStat reviews have helped agencies realize savings through strategic sourcing, the optimization of data centers, the consolidation of multiple email systems, the migration of services to cloud platforms, and the reduction of duplicative mobile device and desktop contracts. Agencies regularly report on these savings, which are summarized in OMB's quarterly reports to Congress and address the cost savings achieved by the Administration's reform initiatives. Recently, agencies have been able to report cumulative savings stemming from PortfolioStat of approximately $1.6 billion -- nearly 2/3 of the total potential savings identified through the initial PortfolioStat sessions conducted in 2012[2]. Examples of savings[3] reported by agencies include:

- Federal Aviation Administration (FAA) Procurement Consolidation: $20 million.
- Department of Veterans Affairs Renegotiated Enterprise Licenses: $50 million.
- Department of Commerce (DOC) Data Center Consolidation: $21 million.

In addition, the FY 2013 PortfolioStat reviews also identified improvement opportunities in the areas of IT governance, transparency, program management, and IT talent management. These efforts range from ensuring higher visibility of major IT investments monitored on the Federal IT Dashboard, sourcing of qualified hires to fill critical IT skill gaps, and increasing the use of modular development and delivery approaches.

Strategic Sourcing of Commodity IT—OMB will continue to work with the Strategic Sourcing Leadership Council to drive greater efficiencies in the acquisition of commodity IT. Through the PortfolioStat process, OMB will continue to work with agencies to improve agency IT procurement processes, and find lower prices on specific commodities that agency IT managers buy. Actions to secure better value for each IT dollar spent will include:

- Reducing mobile device costs by comparing prices paid by agencies against the Federal Strategic Sourcing Initiative (FSSI)'s government-wide Wireless program prices[4].

[2] The potential savings identified by agencies in the initial round of agency PortfolioStat sessions was $2.5 billion.

[3] Savings can be recognized in two different ways, as defined in OMB Circular A-131: (a) Cost-Savings: A reduction in actual expenditures below the projected level of costs to achieve a specific objective; and, (b) Cost-Avoidance: An action taken in the immediate timeframe that will decrease costs in the future. For example, an engineering improvement that increases the mean time between failures and thereby decreases operation and maintenance costs is a cost-avoidance action.

[4] For the FSSI's Wireless program, see: *http://www.gsa.gov/portal/category/100931*.

- Synchronizing the acquisition of desktops across agencies to ensure purchases at the lowest possible price.
- Rationalizing the licensing of software so that the Government is paying only for solutions it is utilizing and is acquiring that software at bulk purchase rates.
- Moving agencies from the acquisition of system-specific hardware in support of IT investments to service based solutions; for example, moving optimized data centers that support many investments to FedRAMP[5]-certified cloud computing services.

Improved Transparency of IT Management Information—Under the direction of the Federal CIO, the funding provided through the Information Technology Oversight and Reform (ITOR) appropriation will continue to be used to support enhanced availability and visibility of IT management data. Improved data collection and analytics to better assess the Government's approximately $80 billion investment in IT will build on information from the IT Dashboard, and Portfoliostat's integrated agency data collection process. In support of the Federal CIO and agencies, for use in PortfolioStats and other decision venues, funding will help identify underperforming and duplicative investments, and facilitate corrective actions. Funds will also support greater IT productivity through the optimization of Federal IT infrastructure investments and enhanced agency use of shared services.

Smarter IT Delivery— While the Government continues to put significant focus on efficiency gains, opportunities remain to refashion how we procure and implement technology in the Government. Accordingly, funding from ITOR will be used to incubate and scale new approaches to developing Federal digital services that provide a world-class customer experience to citizens and businesses. Additional strategies may include standards and policy to drive more effective citizen experience, improved tactics to measure customer satisfaction and performance of Federal digital services, and solutions to increase technology talent inside government.

A PLATFORM FOR INNOVATION - OPENING GOVERNMENT DATA

During a time of fiscal constraint and economic uncertainty, it is important to open access to Government data and to provide a platform for innovation that can improve opportunities and service quality for all Americans. By opening up taxpayer-financed assets such as data, and the policies and processes surrounding this data, we can empower individuals and businesses to significantly increase the public's return on this investment. Opening up Federally-housed data can spur innovation, scientific discovery, and job creation, enhancing growth and public welfare across sectors of the economy, and improving public administration through improved information exchange and interaction with an involved public. The Administration's open data/innovation agenda builds on the following initiatives:

Open Data Policy and Initiatives—The information maintained by the Federal Government is a national asset with tremendous potential value to the public, entrepreneurs, and to our own Government programs. As a model, decades ago, the National Oceanic and Atmospheric Administration (NOAA) began making weather data available for free electronic download by anyone. Entrepreneurs utilized this data to create weather newscasts, websites, mobile applications, insurance, and much more, resulting in a multi-billion dollar industry. Similarly, the Government's decision to make the Global Positioning System (GPS) freely available resulted in private sector innovations ranging from navigation systems to precision crop farming, creating massive public benefits and contributing significantly to economic growth.

The Obama Administration is committed to responsibly unleashing data from the vaults of Government to fuel innovation that fuels economic growth while also advancing government efficiency and accountability. On May 9, 2013, President Obama signed an Executive Order[6] and OMB issued a policy Memorandum[7] making "open and machine-readable" the new default for Government information and taking other historic steps to make Government-held data more accessible to the public, entrepreneurs, and innovators while appropriately safeguarding sensitive information and rigorously protecting privacy. To build on this effort to make Government data more accessible, the Administration launched multiple initiatives aimed at scaling up open data efforts across the health, energy, education, financial, public safety, and global development sectors of the economy. These efforts aim to make Government data available to entrepreneurs. Previously, entrepreneurs have used this kind of data to create tools that help Americans find the right health care providers, identify colleges that provide the best value for tuition costs, make better decisions about retirement plans and financial advisors, help farmers around the world protect and improve their farming operations, save money on electricity bills, and keep their families safe by knowing which products have been recalled.

Delivering Mobile Services—During 2012 and 2013, Federal agencies worked to implement the Digital Government Strategy, built upon the proposition that all Americans should be able to access information from their Government anywhere, anytime, and on any device. Looking ahead, agencies will continue to increase the number of Federal services delivered via mobile devices. Such efforts will also improve interactions and

[5] FedRAMP refers to the Federal Risk and Authorization Management Program, which provides Government agencies with a standardized approach to security assessment, authorization, and continuous monitoring for cloud products and services. See: *http://www.fedramp.gov*.

[6] Executive Order 13642 "Making Open and Machine Readable the New Default for Government Information": *https://www.federalregister.gov/articles/2013/05/14/2013-11533/making-open-and-machine-readable-the-new-default-for-government-information*.

[7] OMB Memorandum M-13-13 "Open Data Policy-Managing Information as an Asset": *http://www.whitehouse.gov/sites/default/files/omb/memoranda/2013/m-13-13.pdf*.

access to information within Government, empower the Federal workforce, enable the Government to reimagine service delivery by leveraging the power of citizens as co-creators. Examples of recently released mobile applications include:

- America's Economy Application: DOC's Census Bureau developed a mobile application called "America's Economy". This application provides real updates for 16 key economic indicators released from the Census Bureau, the Department of Labor's Bureau of Labor Statistics, and DOC's Bureau of Economic Analysis.
- SaferCar: The Department of Transportation's National Highway Traffic Safety Administration's (NHTSA) SaferCar application provides important information and functions that will help taxpayers make informed safety decisions involving vehicles, including information on recalls and complaints, 5-star safety ratings, and installing child seats.
- Arlington National Cemetery Explorer Application: The Department of Defense has created a mobile application to enable family members and the public to explore the Arlington National Cemetery's events, locate gravesites, or other points of interest.

Open Government Directive—Openness in Government strengthens our democracy and promotes a more efficient, effective, and accountable Government. In support of these principles, the Obama Administration launched the historic Open Government Directive in 2009 and released the first U.S. Open Government National Action Plan (NAP) in 2011 — a set of 26 commitments that have increased public integrity, enhanced public access to information, improved management of public resources, and given the public a more active voice in the U.S. Government's policymaking process. A notable example of the progress made since the release of the first NAP is the successful launch of We the People, the White House petitions platform that gives Americans a direct line to voice their concerns to the Administration via online petitions. In two years, more than 10 million users have generated over 270,000 petitions on a diverse range of topics, including gun violence, which received a video response from the President, and unlocking cell phones for use across provider networks, which led directly to policy action.

Building upon these efforts to create a more efficient, effective, and accountable Government, on December 5, 2013 the Administration issued the second Open Government National Action Plan which includes a wide range of actions the Administration will take over the next two years supported by the Budget, including commitments that build upon past successes as well as several new initiatives. For example, with the Global Initiative on Fiscal Transparency, the United States will join an international network of governments and non-government organizations aimed at enhancing financial transparency, accountability, and stakeholder engagement in domestic and global spending. Additionally, the government will promote community-led, participatory budgeting as a tool for enabling citizens to play a role in identifying and discussing certain local public spending projects, and for giving citizens a voice in how taxpayer dollars are spent in their communities.

Presidential Innovation Fellows — The Presidential Innovation Fellows program[8] pairs entrepreneurs from the private sector, non-profits, and academia with top innovators in Government to collaborate on solutions to high-impact challenges and deliver significant results in six to twelve months. The results of these projects are intended to save taxpayer money, fuel job growth, bring private sector best practices to Government, and provide tangible benefits to the American people. Each team of innovators is tasked with working on a specific high-impact issue using a focused, agile approach. What makes this initiative unique is its focus on tapping into the ingenuity, know-how, and patriotism of Americans from every sector of our society. The first round of Fellows was welcomed in August 2012 with 18 inaugural fellows, expanding in round two in the summer of 2013 to over 35 fellows across nine projects. The second class of fellows began in June 2013 with more than 40 Fellows. Examples of projects include:

- Blue Button, which is helping more than 150 million veterans and other Americans across the country gain secure electronic access to their own personal health records and increase access to private-sector applications and services.
- MyUSA, which is greatly simplifying the online interface that citizens can use to find what they need from the Federal Government.
- RFP-EZ, a new system that simplifies how the Federal Government asks for bids on services like building websites and can help save taxpayer money.

PROTECTING DATA AND ASSETS—CYBERSECURITY AND PRIVACY

Cybersecurity—American citizens depend on Federal agencies for essential services, ranging from disaster assistance, to Social Security and national defense. These services, in turn, rely on safe, secure, and resilient Government information and infrastructure. To ensure the safety and security of Government information and infrastructure, as called for by the Federal Information Security Management Act (FISMA)[9], the Administration will act on many fronts, while protecting individual privacy and civil liberties. Some key cybersecurity focus areas for OMB and the Department of Homeland Security (DHS) for FY 2015 include:

- Managing Information Security Risk on a Continuous Basis—To strengthen the nation's cybersecurity posture, OMB issued *Memorandum 14-03 on Enhancing the Security of Federal Information and Information*

[8] Program description at: *http://www.whitehouse.gov/innovationfellows*.

[9] FISMA was enacted in Title II of the E-Government Act of 2002 (P.L. 107-347, 116 Stat. 2899.

Systems. This memorandum provides agencies with guidance for managing information security risk on a continuous basis and builds upon efforts towards achieving the Cybersecurity Cross Agency Priority (CAP) Goal. The effort includes the requirement to monitor the security controls in Federal information systems and the environments in which those systems operate on an ongoing basis, which allows agencies to maintain ongoing awareness of information security vulnerabilities and threats to support organizational risk management decisions.

- A key component of managing information security risk on a continuous basis is DHS's Continuous Diagnostics and Mitigation (CDM) program. By FY 2015, DHS anticipates that the CDM Program will provide specialized IT tools to combat cyber threats in the civilian ".gov" networks. The CDM approach moves the Government toward real time monitoring in order to more rapidly respond to threats to the nation's networks. The tools and services delivered through the CDM program will provide DHS, other Federal agencies, and State, local, regional, and tribal governments with the ability to enhance and automate their existing continuous network monitoring capabilities; correlate and analyze critical security-related information; and enhance risk-based decision making across the Government. Information obtained from the automated monitoring tools will allow for the correlation and analysis of security-related information across the Federal enterprise to improve the overall Federal cybersecurity posture.
- FISMA Metrics and FY 2015 Cybersecurity Cross-Agency Priority (CAP) Goal—OMB, in partnership with the National Security Council staff and DHS, will improve FISMA metrics to focus on outcome-oriented measures that are quantitative, specific, automated when possible, and focused on reduction of threats. As part of the work to improve the FY 2015 FISMA metrics, OMB plans to issue an updated Cybersecurity CAP goal, as required by the Government Performance and Results Act Modernization Act (GPRAMA). The updated CAP goal will focus on managing information security risk on a continuous basis; Identity, Credential, and Access Management (ICAM); and Phishing and Malware Defense. Moving forward, OMB will establish baselines and agency targets to monitor agency progress.
- Improved Oversight through CyberStat process—OMB, in partnership with DHS, will continue to work with agencies to identify and remediate weaknesses in cybersecurity programs, while ensuring agency progress towards the FY 2015 Cybersecurity CAP Goal through CyberStat reviews. The reviews provide the opportunity for agencies to identify the cybersecurity capability areas where they may be facing implementation roadblocks, including technology, organizational culture, processes, human capital, or resource challenges.

Protect Privacy and Confidentiality—The Administration is committed to protecting individual privacy and confidentiality. Federal agencies are expected to demonstrate continued progress in all aspects of privacy and confidentiality protection and to ensure compliance with all privacy and confidentiality requirements in law, regulation, and policy. In particular, Federal agencies must take steps to analyze and address privacy and confidentiality issues at the earliest stages of the planning process, and they must continue to manage information responsibly throughout the life cycle of the information. Moreover, agencies will continue to develop and implement policies that outline rules of behavior, detail training requirements for personnel, and identify consequences and corrective actions to address non-compliance.

Insider Threat Mitigation—In accordance with Executive Order 13587 - *Structural Reforms to Improve the Security of Classified Networks and the Responsible Sharing and Safeguarding of Classified Information*, the Administration is working with agencies to implement structural reforms to ensure responsible sharing and safeguarding of classified information on computer networks that shall be consistent with appropriate protections for privacy and civil liberties. Agencies bear the primary responsibility for meeting these twin goals. These structural reforms will ensure coordinated interagency development and reliable implementation of policies and minimum standards regarding information security, personnel security, and systems security; address both internal and external security threats and vulnerabilities; and provide policies and minimum standards for sharing classified information both within and outside the Federal Government. These policies and minimum standards will address all agencies that operate or access classified computer networks, all users of classified computer networks (including contractors and others who operate or access classified computer networks controlled by the Federal Government), and all classified information on those networks.

CONCLUSION

The Administration is committed to continuously improving how Federal IT investments are designed, developed, and deployed to deliver increasing value to taxpayers. It will do so by ensuring efficient and effective agency IT investment portfolios, advancing a customer-focused innovation agenda, and protecting Government data and personal privacy through policies and practices constantly updated to address the dynamic information technology environment in which we all live.

18. 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 for physical capital, research and development, and education and training, 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.

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 18–2 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 9, "Budget Concepts," in this volume.

This discussion 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 18–1. 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 $464.9 billion in 2013. They are estimated to increase slightly to $465.7 billion in 2014 and increase to $483.7 billion in 2015. The major factors contributing to these changes are described below.

Major Federal investment outlays will comprise an estimated 12.4 percent of total Federal outlays in 2015 and 2.7 percent of the Nation's gross domestic product. Greater detail on Federal investment is available in Table 18–2 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 $251.5 billion in 2013 and are estimated to decline to $232.4 billion in 2014 and continue to decline to $231.6 billion in 2015. 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 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 $105.6 billion in 2015. Approximately 90 percent of defense physical investment outlays, or an estimated $95.8 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 decrease from $126.9 billion in 2013 to $104.0 billion in 2014, primarily due to reduced

Table 18–1. COMPOSITION OF FEDERAL INVESTMENT OUTLAYS
(In billions of dollars)

Federal Investment	Actual 2013	Estimate 2014	Estimate 2015
Major public physical capital investment:			
Direct Federal:			
National defense	126.9	104.0	105.6
Nondefense	46.1	44.1	40.5
Subtotal, direct major public physical capital investment	173.0	148.2	146.2
Grants to State and local governments	78.4	84.2	85.5
Subtotal, major public physical capital investment	251.5	232.4	231.6
Conduct of research and development:			
National defense	71.1	61.0	68.6
Nondefense	61.4	62.8	62.5
Subtotal, conduct of research and development	132.5	123.8	131.0
Conduct of education and training:			
Grants to State and local governments	58.6	63.6	59.6
Direct Federal	22.3	45.8	61.5
Subtotal, conduct of education and training	81.0	109.5	121.0
Total, major Federal investment outlays	**464.9**	**465.7**	**483.7**
MEMORANDUM			
Major Federal investment outlays:			
National defense	198.0	165.0	174.2
Nondefense	266.9	300.7	309.5
Total, major Federal investment outlays	464.9	465.7	483.7
Miscellaneous physical investment:			
Commodity inventories	–*	–0.3	–*
Other physical investment (direct)	2.4	2.4	2.5
Total, miscellaneous physical investment	2.4	2.1	2.5
Total, Federal investment outlays, including miscellaneous physical investment	467.3	467.8	486.2

*$50 million or less.

spending related to overseas contingency operations and declines in base budget Defense procurement budget authority over the past several years.

Outlays for direct physical investment for nondefense purposes are estimated to be $40.5 billion in 2015. This is a reduction from the $44.1 billion in outlays in 2014, largely attributable to reductions in outlays for grants for specified energy property in lieu of tax credits, due to deadlines for project construction and completion of grant applications. Outlays for 2015 include $32.5 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 $17.2 billion in 2015. The largest amounts are for the air traffic control system; 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 $85.5 billion in 2015, up from $84.2 billion in 2014. Over 75 percent of these outlays, or $65.9 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 2014 to 2015. 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 $131.0 billion in 2015. 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 $68.6 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 $62.5 billion in 2015. 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 19, "Research and Development," in this volume.

Conduct of education and training. Outlays for the conduct of education and training were $109.5 billion in 2014 and are estimated to rise to $121.0 billion in 2015. 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 $59.6 billion in 2015, roughly 49 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 decrease from $63.6 billion in 2014 to $59.6 billion in 2015, largely due to completed outlays of American Reinvestment and Recovery Act funding in 2014. Direct Federal education and training outlays are estimated to be $61.5 billion in 2015, up from the levels in 2013 and 2014. Programs in this category primarily consist of aid for higher education through student financial assistance, loan subsidies, and veterans' education, training, and rehabilitation. Increased costs in the student loan program due to legislative and technical changes reduced negative subsidy estimates in 2014 and 2015 that are accounted for as offsets to spending. The Administration proposes expansion of and reforms to the income-based repayment plan that further increase the cost of the student loan program and reduce negative subsidies in 2015.

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 18–1. 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 $31 million in 2015.

Outlays for other miscellaneous physical investment are estimated to be $2.5 billion in 2015. 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 18–2. FEDERAL INVESTMENT BUDGET AUTHORITY AND OUTLAYS: GRANT AND DIRECT FEDERAL PROGRAMS
(In millions of dollars)

Description	Budget Authority			Outlays		
	2013 Actual	2014 Estimate	2015 Estimate	2013 Actual	2014 Estimate	2015 Estimate
GRANTS TO STATE AND LOCAL GOVERNMENTS						
Major public physical investment:						
Construction and rehabilitation:						
Transportation:						
Highways	41,729	39,453	46,685	43,427	43,449	45,095
Mass transportation	22,056	11,892	18,889	11,506	12,698	14,238
Rail transportation	....	....	2,303	780	1,275	2,621
Air and other transportation	3,652	3,908	3,843	3,724	4,093	3,933
Subtotal, transportation	67,437	55,253	71,720	59,437	61,515	65,887
Other construction and rehabilitation:						
Pollution control and abatement	3,188	2,931	2,124	3,393	3,181	2,909
Community and regional development	19,233	4,030	18,559	8,156	12,173	9,900
Housing assistance	3,467	3,625	4,603	4,512	4,270	4,265
Other	507	627	592	706	704	597
Subtotal, other construction and rehabilitation	26,395	11,213	25,878	16,767	20,328	17,671
Subtotal, construction and rehabilitation	93,832	66,466	97,598	76,204	81,843	83,558
Other physical assets	1,668	1,850	1,743	2,227	2,392	1,923
Subtotal, major public physical investment	95,500	68,316	99,341	78,431	84,235	85,481
Conduct of research and development:						
Agriculture	299	334	330	275	487	487
Other	179	184	179	148	161	129
Subtotal, conduct of research and development	478	518	509	423	648	616
Conduct of education and training:						
Elementary, secondary, and vocational education	35,993	42,200	39,433	40,260	43,428	39,931
Higher education	455	471	342	448	482	480
Research and general education aids	710	737	772	832	816	794
Training and employment	3,700	3,580	3,083	3,361	4,154	3,879
Social services	10,967	11,732	11,901	11,071	11,718	11,654
Agriculture	376	416	416	336	646	471
Other	2,315	2,399	2,395	2,313	2,377	2,371
Subtotal, conduct of education and training	54,516	61,535	58,342	58,621	63,621	59,580
Subtotal, grants for investment	**150,494**	**130,369**	**158,192**	**137,475**	**148,504**	**145,677**
DIRECT FEDERAL PROGRAMS						
Major public physical investment:						
Construction and rehabilitation:						
National defense:						
Military construction and family housing	7,485	7,696	4,954	11,579	11,511	9,625
Atomic energy defense activities and other	21	81	259	51	97	280
Subtotal, national defense	7,506	7,777	5,213	11,630	11,608	9,905
Nondefense:						
International affairs	2,068	1,994	1,602	1,142	1,248	1,479
General science, space, and technology	1,133	1,283	1,198	957	1,444	1,397
Water resources projects	5,999	2,705	2,003	3,089	4,097	4,334
Other natural resources and environment	1,429	1,056	1,255	1,269	1,311	1,193
Energy	7,546	8,264	5,024	8,730	9,099	6,136
Postal service	367	350	587	336	355	652
Transportation	582	70	270	390	83	296
Veterans hospitals and other health facilities	3,564	2,753	2,396	2,913	2,609	2,397
Administration of justice	1,372	2,260	2,258	2,018	2,188	1,439
GSA real property activities	361	1,653	2,002	1,558	1,458	1,593
Other construction	7,064	1,880	11,323	7,630	2,217	1,639
Subtotal, nondefense	31,485	24,268	29,918	30,032	26,109	22,555
Subtotal, construction and rehabilitation	38,991	32,045	35,131	41,662	37,717	32,460

Table 18–2. FEDERAL INVESTMENT BUDGET AUTHORITY AND OUTLAYS: GRANT AND DIRECT FEDERAL PROGRAMS—Continued

(In millions of dollars)

Description	Budget Authority			Outlays		
	2013 Actual	2014 Estimate	2015 Estimate	2013 Actual	2014 Estimate	2015 Estimate
Acquisition of major equipment:						
National defense:						
Department of Defense	100,000	99,917	96,950	114,984	92,138	95,346
Atomic energy defense activities	358	338	468	318	303	411
Subtotal, national defense	100,358	100,255	97,418	115,302	92,441	95,757
Nondefense:						
General science and basic research	444	519	476	521	526	478
Postal service	387	850	1,255	343	657	811
Air transportation	3,405	3,341	3,374	3,663	3,515	3,600
Water transportation (Coast Guard)	1,047	1,183	864	1,045	1,608	1,326
Other transportation (railroads)	1,641	1,390	2,450	1,364	1,625	1,454
Hospital and medical care for veterans	2,006	1,316	620	1,895	1,600	1,321
Federal law enforcement activities	1,400	1,385	1,395	1,500	1,232	1,373
Department of the Treasury (fiscal operations)	313	315	332	267	314	358
National Oceanic and Atmospheric Administration	1,846	2,042	2,217	1,179	1,185	1,430
Other	4,085	4,413	4,631	4,065	5,040	5,029
Subtotal, nondefense	16,574	16,754	17,614	15,842	17,302	17,180
Subtotal, acquisition of major equipment	116,932	117,009	115,032	131,144	109,743	112,937
Purchase or sale of land and structures:						
National defense	–49	–18	–37	–28	–5	–35
Natural resources and environment	253	266	645	231	262	412
General government	132	109	....	125	58	....
Other	1,876	22	–82	–94	403	378
Subtotal, purchase or sale of land and structures	2,212	379	526	234	718	755
Subtotal, major public physical investment	158,135	149,433	150,689	173,040	148,178	146,152
Conduct of research and development:						
National defense:						
Defense military	63,767	63,633	64,329	67,288	56,697	63,923
Atomic energy and other	4,142	4,327	4,782	3,827	4,269	4,664
Subtotal, national defense	67,909	67,960	69,111	71,115	60,966	68,587
Nondefense:						
International affairs	350	280	280	277	267	267
General science, space, and technology:						
NASA	10,567	11,037	11,052	10,620	10,776	10,617
National Science Foundation	4,947	5,191	5,188	5,269	5,051	5,739
Department of Energy	3,845	3,996	4,094	3,966	4,060	4,101
Subtotal, general science, space, and technology	19,359	20,224	20,334	19,855	19,887	20,457
Energy	2,289	2,309	2,579	2,033	2,057	2,233
Transportation:						
Department of Transportation	678	708	819	670	682	722
NASA	546	476	432	494	481	555
Other transportation	19	19	18	21	38	22
Subtotal, transportation	1,243	1,203	1,269	1,185	1,201	1,299
Health:						
National Institutes of Health	28,322	29,205	29,403	30,003	30,174	28,784
Other health	1,858	1,936	1,963	1,273	1,508	1,794
Subtotal, health	30,180	31,141	31,366	31,276	31,682	30,578
Agriculture	1,454	1,686	1,746	1,566	1,750	1,706
Natural resources and environment	2,053	2,189	2,230	1,896	2,047	2,043
National Institute of Standards and Technology	520	591	611	504	622	618
Hospital and medical care for veterans	1,164	1,174	1,178	1,072	1,152	1,158
All other research and development	1,460	1,674	1,644	1,278	1,513	1,487
Subtotal, nondefense	60,072	62,471	63,237	60,942	62,178	61,846
Subtotal, conduct of research and development	127,981	130,431	132,348	132,057	123,144	130,433

Table 18–2. FEDERAL INVESTMENT BUDGET AUTHORITY AND OUTLAYS: GRANT AND DIRECT FEDERAL PROGRAMS—Continued

(In millions of dollars)

Description	Budget Authority			Outlays		
	2013 Actual	2014 Estimate	2015 Estimate	2013 Actual	2014 Estimate	2015 Estimate
Conduct of education and training:						
Elementary, secondary, and vocational education	1,401	1,354	1,233	1,361	1,293	1,301
Higher education	2,184	20,315	35,651	–661	22,321	37,197
Research and general education aids	2,031	2,119	2,207	2,196	2,101	2,047
Training and employment	2,104	2,174	2,290	2,176	1,930	2,177
Health	1,550	1,511	1,307	1,676	1,634	1,496
Veterans education, training, and rehabilitation	11,601	13,456	15,084	13,220	13,767	14,539
General science and basic research	897	968	1,004	876	914	1,142
International affairs	593	581	595	650	766	591
Other	688	826	873	851	1,111	976
Subtotal, conduct of education and training	23,049	43,304	60,244	22,345	45,837	61,466
Subtotal, direct Federal investment	**309,165**	**323,168**	**343,281**	**327,442**	**317,159**	**338,051**
Total, Federal investment	**459,659**	**453,537**	**501,473**	**464,917**	**465,663**	**483,728**

19. RESEARCH AND DEVELOPMENT

The President is committed to making investments in research and development (R&D) that will grow our economy, sustain our competitive advantage in the global economy, and enable America to remain the world leader in innovation. In the same way that past federal R&D investments led to American leadership in biotechnology and the development of the Internet, the President's focus on science and innovation will help create the industries and jobs of the future and address the challenges and opportunities of the 21st Century. Investing in science and technology-based innovation will let us do things like produce vaccines that stay ahead of drug-resistant bacteria, find new answers in the fight against Alzheimer's and other diseases, devise new clean energy technologies, and promote new advanced manufacturing opportunities in areas such as new materials.

The President's 2015 Budget provides $135 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 2014 levels[1] for R&D. In addition, the Opportunity, Growth, and Security Initiative includes $5.3 billion for research and development. These investments reinforce the Administration's commitment to science, technology, and innovation. In conjunction with this investment, the 2015 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.

Finally, the 2015 Budget continues to strengthen U.S. international leadership by investing in the high-tech knowledge-based economy and innovation-fueled growth industries. These investments will enable us to lead the world in clean energy, advanced manufacturing, aerospace, agriculture, and healthcare while protecting the environment for future generations. The Budget will help ensure that the U.S. continues its long-standing and robust leadership in public and private sector R&D and maintains the high quality of our R&D institutions and the entrepreneurial nature of our R&D enterprise.

[1] Please note that R&D spending figures for FY 2014 are preliminary and may change as agency operating plans are finalized.

I. PRIORITIES FOR FEDERAL RESEARCH AND DEVELOPMENT [1]

The Budget[2] provides support for a broad spectrum of research and development, including multidisciplinary research and exploratory, potentially transformative, high-risk research proposals that could fundamentally improve our understanding of nature, revolutionize fields of science, and lead to the development of radically new technologies. The Administration's commitment to supporting ground-breaking research and development is underscored by the Opportunity, Growth, and Security Initiative, which includes funding for a number of innovative research and development programs and projects across a wide-array of disciplines including clean energy, climate resiliency, and basic research into fundamental scientific questions affecting human health, our understanding of the universe, food and agriculture, and national security. Descriptions of individual Opportunity, Growth, and Security Initiative proposals are included in the Agency Budget Chapters and in Agency Congressional Justifications.

Promoting Sustainable Economic Growth and Job Creation through Innovation

The Administration recognizes the Government's role in fostering scientific and technological breakthroughs, and has committed significant resources to ensuring that America continues to lead the world in science and engineering and the innovations of the future. The Budget provides $65 billion for basic and applied research because such research is a reliable source of new knowledge, which drives job creation and lasting economic growth.

The 2015 Budget continues to increase total Federal investment in the combined budgets of three 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). The Budget proposes $13.0 billion in 2015 for these three agencies, an increase of $0.2 billion over 2014 funding. These investments will expand the frontiers of human knowledge and establish the foundation for industries and jobs of the future, including in clean energy, advanced manufacturing, biotechnology, Big Data, and new materials.

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

[2] 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 19-1.

Budget proposes to simplify and enhance the Research and Experimentation tax credit, and make it permanent.

Moving Toward Cleaner American Energy

The Administration is committed to a future where the United States leads the world in research, development, demonstration, and deployment of clean-energy technologies to reduce air pollution, greenhouse-gas emissions, and dependence on oil, while creating high-wage, highly-skilled clean energy jobs and new businesses. The Budget advances the Administration's all-of-the-above energy strategy by investing in programs to drive innovation in the energy sector. These investments include: basic and applied research to address some of the fundamental unknowns to advancing clean energy technologies; research and development to create and dramatically improve clean energy products, such as solar panels and wind turbines, modular nuclear reactors, electric and other alternative-fuel vehicles, and energy efficient systems for homes and businesses; and appropriate assistance to American entrepreneurs and businesses to commercialize the technologies that will lead the world in new clean energy industries.

The Budget requests approximately $6.9 billion for clean energy technology programs government-wide to accelerate the transition to a low-carbon economy and position the United States as the world leader in the energy industries of the 21st Century.

In the Department of Energy, the 2015 Budget provides about $5.2 billion in discretionary funding for clean energy technology programs. It provides $2.3 billion for the Office of Energy Efficiency and Renewable Energy (EERE) to accelerate research and development, build on ongoing successes, increase the use of critical clean energy technologies, and further reduce costs. Within EERE, the Budget increases funding by 15 percent above 2014 enacted levels for sustainable vehicle and fuel technologies, by 39 percent for energy efficiency and advanced manufacturing activities, and by 16 percent for innovative renewable power projects such as those in the SunShot Initiative to make solar power directly price-competitive with other forms of electricity by 2020. The U.S. Department of Agriculture also pursues complementary biofuel efforts to support development of next-generation biofuels. The Budget also provides funding within EERE to help State and local decision-makers develop policies and regulations that encourage greater deployment of renewable energy and energy efficiency technologies and to improve the integration and utilization of natural gas in manufacturing and transportation. Within the Office of Electricity Delivery and Energy Reliability, the Budget also invests in R&D and other activities that will facilitate the transition from our current electricity delivery infrastructure to a Smart Grid. The Budget also supports clean energy R&D through the Office of Nuclear Energy and Office of Fossil Energy, including funding for advanced small modular reactors R&D and activities primarily dedicated to further lowering the costs of carbon capture and storage and advanced power systems. This includes $25 million in the Office of Fossil Energy to demonstrate capture and storage of carbon emissions from natural gas power systems. The Budget also includes $325 million for the Advanced Research Projects Agency–Energy (ARPA-E), a program that seeks to fund transformative energy research, and over $900 million for basic clean energy research in the Office of Science. In addition, the 2015 Budget invests $2 billion over the next ten years from existing Federal oil and gas development royalty revenues in a new Energy Security Trust that would provide a reliable stream of mandatory funding for R&D on cost-effective transportation alternatives utilizing cleaner sources of energy such as electricity, homegrown biofuels, renewable hydrogen, and domestically produced natural gas.

Defeating Diseases and Improving Americans' Health Outcomes

The Administration is committed to funding Federal R&D investments in biomedical and health research and to supporting policies to improve health. The 2015 Budget strongly supports research that has the potential to foster innovations in health and to accelerate the pace of discovery in the life sciences, especially imaging, neuroscience, bioinformatics, and high-throughput biology. These discoveries will help improve the prevention and treatment of diseases and support the bioeconomy of the future.

The 2015 Budget proposes $30.2 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. The Budget supports basic and translational research to increase understanding of the causes of disease and spur development of diagnostic tests, treatments, and cures. The Budget maintains the pace and scope of research and stimulates the development of new innovative approaches by funding a new advanced research program modeled after the cutting-edge Defense Advanced Research Projects Agency (DARPA) program at DOD. In addition, the Budget continues to invest in Alzheimer's research, and includes $100 million for NIH's contribution to the multi-agency BRAIN Initiative. To increase transparency and efficiency, NIH will implement new measures to reduce grant review administrative costs and improve reporting on disease specific funding levels.

The Budget includes over $500 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.

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

The Budget for the Department of Agriculture includes about $76 million for intramural research on zoonotic animal diseases such as Rift Valley Fever, Bovine Spongiform Encephalopathy, Avian Influenza, Bovine Tuberculosis, and Brucellosis, that could spread to humans. In addition, about $110 million would be spent on intramural food safety research to reduce the incidence of bacteria such as salmonella, E coli, Campylobacter and Listeria; food borne parasites; and natural toxins such as aflatoxins that affect public health.

Revitalizing and Transforming American Manufacturing

The Budget continues to support the "National Strategic Plan for Advanced Manufacturing," a blueprint for Federal efforts in partnership with industry and universities to develop and commercialize the emerging technologies that will create high-quality manufacturing jobs and sustain a renaissance in American manufacturing. The 2015 Budget provides $2.2 billion for Federal R&D directly supporting advanced manufacturing at NSF, DOD, DOE, DOC, and other agencies. For example, the Budget provides DOE with $305 million for important technology efforts to improve industrial energy efficiency and clean energy manufacturing through innovative processes and advanced materials. These innovations will enable U.S. companies to cut manufacturing costs and reduce the lifecycle energy consumption of technologies, while improving product quality and accelerating product development. The Budget also includes $141 million for the Hollings Manufacturing Extension Partnership, in part to support Manufacturing Technology Acceleration Centers to assist manufacturers in adopting new technologies. It includes $2.4 billion through the Opportunity, Growth, and Security Initiative to establish the National Network of Manufacturing Innovation, which will develop cutting-edge manufacturing technologies and capabilities. The Administration has already launched four manufacturing innovation institutes and has committed to funding five additional institutes to bring the total to nine. 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. 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 strategy is the Materials Genome Initiative. By leveraging advances in computer simulations and the overall material knowledge-base, this initiative aims to increase the rate by which we understand and characterize new materials, 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. Manufacturing at the nanoscale is also a part of this effort, with important work highlighted in a sustainable nanomanufacturing signature program under the National Nanotechnology Initiative.

Understanding Global Climate Change and Its Impacts

The U.S. Global Change Research Program (USGCRP) coordinates and integrates Federal research and applications to assist the Nation and the world in understanding, assessing, predicting, and responding to the human-induced and natural processes of global change and their related impacts and effects. Within coordinated USGCRP interagency investments, the 2015 Budget supports the goals set forth in the program's 2012-2021 strategic plan, which include: advancing scientific knowledge of the integrated natural and human components of the Earth system; providing the scientific basis to inform and enable timely decisions on adaptation and mitigation; building sustained assessment capacity that improves the United States' ability to document changes on the regional, landscape, and local level to understand, anticipate, and respond to global change impacts and vulnerabilities; and advancing communications and education to broaden public understanding of global change. The 2015 Budget also supports an integrated suite of climate change observations, process-based research, modeling and assessment and adaptation science activities that serve as a foundation for providing timely and responsive information including but not limited to technical reports, impact and vulnerability assessments, and adaptation response strategies to a broad array of stakeholders. All of these outcomes are essential elements of the USGCRP 2012-2021 strategic plan and are described as important deliverables for USGCRP in the President's Climate Action Plan. The 2015 Budget provides approximately $2.5 billion for USGCRP programs.

Enabling Better Stewardship of Natural Resources and Our Environment

Sustainable stewardship of natural resources requires strong investments in research and development in the natural sciences to strengthen the scientific basis for decision-making. The 2015 Budget provides $2.6 billion in R&D funding to support resource decision making and environmental stewardship at the Department of the Interior (DOI), Environmental Protection Agency (EPA), National Oceanic and Atmospheric Administration (NOAA), and Department of Agriculture (USDA). The Budget provides strong support for R&D related to the management of public lands, ecosystems, energy permitting, and Earth observations (such as earth observing satellites and monitoring of water, wildlife, and invasive species). The Budget also provides strong support for science to inform ocean and coastal stewardship, with investments in ocean observations and exploration, coastal mapping and assessment, coastal ecosystem research, and coastal habitat restoration. 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. Responding to the President's Council of Advisors on Science and Technology (PCAST) report, "Agricultural Preparedness & the United States Agricultural Research Enterprise", the 2015 Budget invests $325 million in USDA's Agriculture and Food Research Initiative (AFRI), which will be distributed through competitively awarded extramural research grants to support breakthrough research in national priorities including water quantity and quality, sustainable agricultural production, and climate change, as well as bioenergy, food safety, and human nutrition. The budget also invests in three multi-disciplinary research centers focused on topics including advanced bio-based manufacturing and anti-microbial research to address national challenges in food and agriculture, as well as including funding to respond to the serious problem of pollinator losses.

Strengthening Our Security through Science and Technology

Federal R&D investments in security aim to meet the threats of the future and to develop new innovative security capabilities. The Department of Defense's (DOD) R&D investments in the 2015 Budget focus on areas deemed to have the greatest impact on our nation and future military requirements. To this end, the 2015 Budget provides $64.4 billion for DOD R&D, an increase of 1 percent from the 2014 enacted level.

The 2015 Budget proposes $11.5 billion for DOD's Science & Technology (S&T) program, which consists of basic research, applied research and advanced technology development.

The 2015 Budget also maintains DOD's critical role in fostering breakthrough approaches for discovering promising technologies with $2.9 billion for the Defense Advanced Research Projects Agency (DARPA). This funding level represents an increase of $136 million from the 2014 enacted level. Investing in DARPA's high-risk and high-reward science is an Administration priority and critical to maintaining the technological superiority of the U.S. military.

For DOE, the Budget proposes $4.7 billion for investments in R&D for the Nation's nuclear stockpile, naval nuclear propulsion, and nonproliferation goals.

The Budget supports investments in state-of-the-art technologies and solutions for Federal, State, and local homeland security operators. The Budget proposes $514 million in funding for the Department of Homeland Security R&D programs that protect the Nation's people and critical infrastructure from chemical, biological, and cyber attacks. The Budget also proposes $300 million to fund the remaining requirement for a state-of-the-art facility to study and develop countermeasures for emerging zoonotic diseases that threaten human health and our agricultural industry.

Preparing Our Students with Skills through Science, Technology, Engineering, and Mathematics (STEM) Education

Our Nation's competitiveness depends on our ability to improve and expand science, technology, engineering, and mathematics (STEM) learning in the United States. The Budget proposes a fresh Government-wide reorganization of STEM education programs designed to enable more strategic investment in STEM education and more critical evaluation of outcomes, while leveraging Government resources more effectively to meet national goals. This proposal reduces fragmentation of STEM education programs across Government, and focuses efforts around the five key areas identified by the Federal STEM Education 5-Year Strategic Plan: P-12 instruction; undergraduate education; graduate education; broadening participation in STEM to women and minorities traditionally underrepresented in these fields; and education activities that typically take place outside of the classroom.

Expanding Our Capabilities in Space

The Budget provides $17.5 billion for the National Aeronautics and Space Administration (NASA) to support NASA's efforts to drive innovation through the aerospace sector and enhance our capabilities in space. Such capabilities are essential for communications, geopositioning, intelligence gathering, Earth observation, national defense, developing space transportation technologies, and scientific discovery. As part of these efforts, NASA will conduct 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 provides $5 billion for NASA Science to expand the frontiers of knowledge about the solar system, the universe, the Sun, and our planet and $3 billion to develop the systems needed for human exploration of deep space. Also included in the NASA Budget is $850 million for the Commercial Crew program, an innovative partnership with American industry to transport crew to the International Space Station, an orbiting research facility that will operate until at least 2024. The Budget provides $2 billion for NOAA to fund development of the next generation of polar-orbiting and geostationary satellite systems, which are critical to weather forecasting, as well as satellite-borne measurements of sea level and potentially damaging solar storms.

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 character 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 19–1 shows agency-by-agency spending on basic research, 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 includes 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 activities. 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. OTHER MULTI-AGENCY R&D ACTIVITIES

Many research investments into the most promising areas for future industry, scientific discovery, 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 two such interagency efforts – networking and information technology R&D and nanotechnology 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 design, high-confidence systems, human computer interaction, cyber-physical systems, Big Data, health IT, wireless spectrum sharing, cloud computing, and other information technologies.

The 2015 Budget includes a focus on research to improve our ability to accelerate scientific discoveries and derive value from the fast-growing quantities and varieties of digital data (“Big Data”) while appropriately protecting the privacy of personal data. The Budget continues to prioritize cybersecurity research framed by the *Trustworthy Cyberspace: Strategic Plan for the Federal Cybersecurity R&D Program* to develop novel approaches and technologies that can protect U.S. systems from cyber-attacks, to promote R&D in high-end computing to address advanced applications, and to emphasize research that advances the efficient use of wireless spectrum and spectrum sharing technologies. Budget information for NITRD is available at *www.nitrd.gov*.

Nanotechnology R&D: To accelerate nanotechnology development 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 sustainable nanomanufacturing, solar energy, sustainable design of nanoengineered materials, nanoinformatics and modeling, nanoscale nanotechnology for sensors, and nanoelectronics through close alignment of existing and planned research programs, public-private partnerships, and research roadmaps (for details see *nano.gov/signatureinitiatives*). Budget information is available at *nano.gov*.

Table 19–1. FEDERAL RESEARCH AND DEVELOPMENT SPENDING
(Budget authority, dollar amounts in millions)

	2013 Actual	2014 Enacted	2015 Proposed	Dollar Change: 2015 to 2014	Percent Change: 2015 to 2014
By Agency					
Defense [1]	63,838	63,856	64,430	574	1%
Health and Human Services	29,969	30,912	31,069	157	1%
Energy	10,740	11,359	12,309	950	8%
NASA	11,282	11,667	11,555	–112	–1%
National Science Foundation	5,319	5,729	5,727	–2	–0%
Commerce	1,360	1,632	1,597	–35	–2%
Agriculture	2,116	2,418	2,447	29	1%
Homeland Security	684	1,032	876	–156	–15%
Veterans Affairs	1,164	1,174	1,178	4	0%
Interior	785	840	925	85	10%
Transportation [1]	829	853	865	12	1%
Environmental Protection Agency	532	560	560	0	0%
Patient-Centered Outcomes Research Trust Fund	488	464	528	64	14%
Education	319	323	336	13	4%
Smithsonian Institution	238	232	252	20	9%
Other [1]	669	631	698	67	11%
TOTAL	**130,332**	**133,682**	**135,352**	**1,670**	**1%**
Basic Research					
Defense	1,835	1,931	2,052	121	6%
Health and Human Services	15,424	15,861	16,085	224	1%
Energy	3,851	4,046	4,143	97	2%
NASA	3,360	3,907	3,086	–821	–21%
National Science Foundation	4,357	4,711	4,708	–3	–0%
Commerce	184	215	224	9	4%
Agriculture	830	930	957	27	3%
Homeland Security	41	42	37	–5	–12%
Veterans Affairs	476	478	484	6	1%
Interior	51	52	55	3	6%
Transportation	....	....	....	....	....
Environmental Protection Agency	....	....	....	....	....
Patient-Centered Outcomes Research Trust Fund	....	....	....	....	....
Education	6	6	6	0	0%
Smithsonian Institution	202	205	216	11	5%
Other	31	26	26	0	0%
SUBTOTAL	**30,648**	**32,410**	**32,079**	**–331**	**–1%**
Applied Research					
Defense	4,158	4,376	4,530	154	4%
Health and Human Services	14,294	14,851	14,783	–68	–0%
Energy	3,852	3,886	4,269	383	10%
NASA	2,689	2,444	2,389	–55	–2%
National Science Foundation	590	480	480	0	0%
Commerce	881	1,078	1,014	–64	–6%
Agriculture	1,046	1,224	1,238	14	1%
Homeland Security	210	209	213	4	2%
Veterans Affairs	614	622	618	–4	–1%
Interior	624	665	718	53	8%
Transportation [1]	628	646	672	26	4%
Environmental Protection Agency	450	473	473	0	0%
Patient-Centered Outcomes Research Trust Fund	488	464	528	64	14%
Education	190	191	201	10	5%
Smithsonian Institution	....	....	....	....	....
Other	485	450	515	65	14%
SUBTOTAL	**31,199**	**32,059**	**32,641**	**582**	**2%**

Table 19–1. FEDERAL RESEARCH AND DEVELOPMENT SPENDING—Continued

(Budget authority, dollar amounts in millions)

	2013 Actual	2014 Enacted	2015 Proposed	Dollar Change: 2015 to 2014	Percent Change: 2015 to 2014
Development					
Defense	57,774	57,326	57,747	421	1%
Health and Human Services	35	29	29	0	0%
Energy	2,466	2,585	2,927	342	13%
NASA	5,064	5,162	6,009	847	16%
National Science Foundation	....	....	....	....	....
Commerce	78	112	109	–3	–3%
Agriculture	162	181	173	–8	–4%
Homeland Security	321	348	311	–37	–11%
Veterans Affairs	74	74	76	2	3%
Interior	107	110	113	3	3%
Transportation	180	187	155	–32	–17%
Environmental Protection Agency	77	82	82	0	0%
Patient-Centered Outcomes Research Trust Fund	....	....	....	....	....
Education	123	126	129	3	2%
Smithsonian Institution	....	....	....	....	....
Other	153	155	157	2	1%
SUBTOTAL	**66,614**	**66,477**	**68,017**	**1,540**	**2%**
Facilities and Equipment					
Defense [1]	71	223	101	–122	–55%
Health and Human Services	216	171	172	1	1%
Energy	571	842	970	128	15%
NASA	169	154	71	–83	–54%
National Science Foundation	372	538	539	1	0%
Commerce	217	227	250	23	10%
Agriculture	78	83	79	–4	–5%
Homeland Security	112	433	315	–118	–27%
Veterans Affairs	....	....	....	....	....
Interior	3	13	39	26	200%
Transportation	21	20	38	18	90%
Environmental Protection Agency	5	5	5	0	0%
Patient-Centered Outcomes Research Trust Fund	....	....	....	....	....
Education	....	....	....	....	....
Smithsonian Institution	36	27	36	9	33%
Other [1]	....	....	....	....	....
SUBTOTAL	**1,871**	**2,736**	**2,615**	**–121**	**–4%**

[1] The amounts reported for facilities and equipment and total R&D at the Department of Defense and Army Corps of Engineers were corrected. Also, the amounts for applied research and total R&D at the Department of Transportation were corrected and are not consistent with the amounts reported in the investment tables in Chapter 18.

20. 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 market 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 discusses current issues in credit budgeting. This year, the section is devoted to "fair value" cost estimates for Federal credit programs.

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. The presence of a market imperfection, however, 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. In addition to correcting market failures, Federal credit and insurance programs may provide subsidies to serve other policy purposes, such as reducing inequalities and extending opportunities to disadvantaged regions or segments of the population. The effectiveness of the use of credit assistance should be carefully compared with that of other policy tools, such as grants and tax credits.

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 are unable to raise equity publicly and do not have 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 entrepreneurial or academic 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 or highly risky 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 managed to reduce disruption to the financial market. If private-sector pensions 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 often 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 may 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.

Federal Credit Program Management

The objective of Federal credit policies is to support the most efficient use of limited Federal resources by designing programs that maximize progress towards policy goals while minimizing undue risk to the taxpayer. The goal is not to eliminate risk—but to target assistance where it will do the most good, and proactively manage programs within acceptable risk thresholds. Over the last year, the Office of Management and Budget (OMB) has taken steps to support agency management of Federal credit programs. In January 2013, OMB published updates to Federal credit policies to support best practices, generate efficiencies, and identify opportunities for improved targeting of Federal credit assistance.[1] The revised guidance defines objectives of strong credit program management, and provides supplemental materials that outline elements to consider in designing and evaluating management frameworks. It also clarifies guidance on program reviews to emphasize evidence-based proposals to improve efficiency and effectiveness of credit programs. OMB and Treasury have also convened the Federal Credit Policy Council (FCPC). The FCPC is a collaborative forum for agencies to discuss best practices, raise issues relevant to their credit and debt collection activities, and to identify solutions to common problems.

[1] Please see OMB Circular A-129, “Policies for Federal Credit Programs and Non-Tax Receivables”: http://www.whitehouse.gov/sites/default/files/omb/assets/a129/rev_2013/pdf/a-129.pdf

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- and moderate-income people, veterans, and rural residents. Recently, the target market expanded dramatically due to the financial crisis.

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

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 risky and hard-to-understand 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, 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 private-sector credit. 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 return of conventional financing to the mortgage market—with appropriate safeguards for consumers and investors including proper assessment and disclosure of risk—will 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 and a reduction toward historical market shares for Federal assistance, 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 2012 to $213 billion. In line with the volume decrease, the FHA's market share for home purchase loans declined to 19 percent through the first 9 months of calendar year 2013, after peaking at 28 percent in calendar year 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 2014, FHA, like many 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 when credit reform accounting began, the net cost of FHA Mutual Mortgage Insurance (MMI) Fund insurance (comprised of nearly all FHA single-family mortgages) has been reestimated and increased by a total of $68.4 billion excluding interest, with $39.3 billion of that reestimate occurring in the last five years due particularly to loans originated from 2006 to 2009. Since that time, however, the quality of FHA loans has increased conciderably, as discussed in the section below.

FHA's budget estimates can be volatile and prone to forecast error because default claim rates are sensitive to a variety of dynamics. FHA insurance premium revenues are spread thinly but universally over pools of policyholders, making those inflows generally stable and subject to less forecast error than for mortgage defaults. Mortgage insurance costs, however, are concentrated in the 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., one percent), net FHA 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 after the recent housing bubble burst and the emergence of lending practices with very high claim rates, such as the now illegal seller-financed down-payment mortgage.

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 2013, over 70 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. Like many parties with credit-risk, however, FHA has been significantly hurt by house price depreciation.

Influenced by all these factors, FHA recorded a net upward reestimate of $2.6 billion excluding interest in 2014 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 2014 budget deficit. According to its annual actuarial analysis, FHA has been below its 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 2016. 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 financing into the mortgage market. These steps resulted 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.

To increase FHA's capital resources and to encourage the return of large-scale private mortgage financing, there have been five premium increases since 2008. In 2013, FHA implemented another increase of 0.1 percentage points in annual premiums. With this increase, upfront fees on home purchase guarantees will be 1.75 percent and annual fees will be 1.35 percent for most guarantees. For a typical borrower, the cumulative increases since 2008 are 0.25 percentage points in the upfront premium and 0.85 percentage points in annual premiums. As a result of these premium increases and other risk management practices taken by FHA, as well as the improved economic and housing sector forecast, FHA's MMI subsidy rate is estimated to be minus 9.03 percent in 2015, resulting in discretionary receipts estimated to exceed $10 billion.

Also during 2013, FHA took the following steps to bolster financial performance, in addition to the premium increase.

1. Reversed a policy to cancel required premium payments after borrowers achieve an amortized loan-to-value ratio of 78 percent. Under the previous practice borrowers paid premiums for only about ten years even though FHA's 100 percent insurance guarantee remains in effect for up to 30 years. This change applies only to new loans.

2. Revised its loss mitigation program to target deeper levels of payment relief for struggling borrowers, allowing more families to retain their homes and avoid foreclosure.

3. Expanded the use of home short-sales, which provide opportunities for distressed borrowers for whom home retention is not feasible to transition to new housing without going through foreclosure.

4. Limited initial loan disbursements and required financial assessments and, where appropriate, cash set-asides to increase compliance with property insurance and tax requirements for HECM reverse mortgages.

To increase FHA support of credit during the financial crisis and its aftermath, temporary higher loan limits were enacted in 2008. These limits capped the size of FHA mortgages at the lesser of $729,750 or 125 percent of area median house price. These limits expired at the end of calendar year 2013. The permanent limits now in effect are the lesser of $625,500 or 115 percent of area median price.

In 2010, FHA implemented new loan-to-value 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, remain eligible for FHA assistance with a credit score as low as 500. FHA also is reducing allowable seller concessions from 6 percent of property value to 3 percent or $6,000, whichever is higher but no higher than 6 percent. This conforms closer to industry standards and reduces 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 continue to 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 $24 billion in 2013 as private market alternatives to FHA financing largely disappeared and low interest rates drove up refinancing activity. However, GISRI loan volume is projected to decline to $21 billion in 2015 as private financing options increase and rising interest rates reduce refinancing volume, especially in the multifamily rental market.

VA Housing Program

The Department of Veterans Affairs (VA) assists veterans, members of the Selected Reserve, and active duty personnel in purchasing homes in recognition of their service to the Nation. The housing program effectively substitutes the Federal guarantee for the borrower's down payment, making the lending terms more favorable than loans without a VA guarantee. VA does not guarantee the entire mortgage loan to veterans, but provides a 100 percent guarantee on the first 25 percent of losses upon default. VA provided 162,327 zero down payment loans and 203,174 fee-exempt loans to veterans with service-connected disabilities in 2013. The number of loans VA guaranteed remained at a high level in 2013, 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 2013 allowed 187,885 Veteran borrowers to lower the interest rate on their home mortgages through refinancing. VA provided almost $135 billion in guarantees to assist 600,023 borrowers in 2013, compared with $120 billion and 542,036 borrowers in 2012.

VA, in cooperation with VA-guaranteed loan servicers, also assists borrowers through home retention options and alternatives to foreclosure. VA intervenes when needed to help veterans and service members avoid foreclosure through loan modifications, special forbearances, repayment plans, and acquired loans; as well as assistance to complete compromise sales or deeds-in-lieu of foreclosure. These joint efforts helped resolve nearly 80 percent of defaulted VA-guaranteed loans in 2013.

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. For the direct loan program, approximately 40 percent of borrowers earn less than 50 percent of their area's median income; the remainder earn between 50 percent and 80 percent (maximum for the program) of area median income. The single family housing guaranteed loan program is designed to provide home loan guarantees for moderate-income rural residents whose incomes are between 80 percent and 115 percent (maximum for the program) of area median income.

The 2015 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 RHS to provide at least $5.7 billion in loans for low-income rural borrowers, which will provide 50,000 new homeownership opportunities to that income group. Overall, the program could potentially provide 171,000 new homeownership opportunities to low- to moderate-income rural residents in 2015.

For the single family housing guarantees, the Budget continues to include an annual and an up-front fee structure, as FHA does. This fee structure serves to reduce the overall subsidy cost of the loans without adding significant burden to the borrowers. The Budget also proposes to make USDA's guaranteed home loan program a direct endorsement program, which is consistent with VA and FHA guaranteed home loan programs. This change will make RHS more efficient and allow the single family housing staff to refocus on other unmet needs. For USDA's single family housing direct loan program, the Budget provides a reduced loan level of $360 million for 2015. This decision reflects that with a $24 billion loan level for the single family housing guarantees and interest rates near their lowest levels in decades, demand for the direct loans should be waning, and hence the focus should be on the guarantee program.

For USDA's multifamily housing portfolio, the Budget focuses primarily on portfolio management. The Budget fully funds this rehabilitation effort by providing $29.8 million for the multifamily housing revitalization activities, which include loan modifications, grants, zero percent loans, and soft second loans as well as some funding for traditional multifamily housing direct loans to allow USDA to better address its inventory property. 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 rental housing to the low- and very-low-income population in rural America. The Budget also proposes to codify these activities into permanent law. In addition, rental assistance grants, which supplement tenant rental payments to the property owners and are vital to the proper underwriting of the multifamily housing direct loan portfolio, are funded at $1.089 billion, which is sufficient to renew outstanding contracts. The rental assistance grant funding assumes a $20 million savings from a new $50 minimum tenant rent contribution requirement, similar to the ones that are already in place for HUD programs that provide rental subsidies. The Budget also provides $150 million in guaranteed multifamily housing loans and $16 million in budget authority for the Farm Labor Housing grants and loans program. The combined 2015 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 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.

Growing stress and losses in the mortgage markets in 2007 and 2008 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 GSEs' independent regulator, 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.

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 2.5 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 6 percent in 2013.

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 about 5 percent as of September 30, 2013.

Mission

The mission of the housing GSEs is to support certain aspects of the U.S. mortgage market. 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, 2013, they totaled $4.1 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, 2013, these retained mortgages, financed largely by GSE debt, totaled $962 billion. As a term of their PSPA contracts 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 this limitation was directed to decline by 10 percent each year. To accelerate the return of private capital to the mortgage markets and the wind-down of the GSEs, Treasury revised the PSPA terms in August 2012, setting the effective portfolio limitation at $1.1 trillion as of December 31, 2013, and accelerating the reduction in this limitation to 15 percent each year until December 31, 2018, when the combined limitation will be fixed at $500 billion ($250 billion for each company).

As of November 30, 2013, the combined debt and guaranteed MBS of Fannie Mae and Freddie Mac totaled $5.1 trillion.

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 remains lending (secured by mortgages and financed by System debt issuances) to regulated depository institutions and insurance companies engaged in residential mortgage finance. 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, such as for purchases of single-family mortgages provided to low-income families, 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 had 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 provided 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 housing goals for 2012 through 2014, promulgated on November 13, 2012, establish revised benchmarks but maintain the structural changes implemented for 2010 and 2011. FHFA has determined that both Fannie Mae and Freddie

Mac exceeded the 2012 benchmark levels on all of the single-family and multifamily goals. However, FHFA also noted that both Fannie Mae and Freddie Mac lagged market performance in 2012, which FHFA views as a relevant measure for evaluating the companies' performance in years when the market levels are higher than the benchmark levels.

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, given the role they played in the secondary mortgage market and the potential impact of their failure on broader financial markets. 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 programs to provide temporary financial support to the GSEs under the temporary authority provided in HERA. These authorities expired on December 31, 2009.

1. *PSPAs with Fannie Mae and Freddie Mac*

Treasury 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 senior 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 established funding commitments for up to $100 billion in each of these GSEs. On February 18, 2009, Treasury announced that the funding commitments for these agreements would be increased to $200 billion for each GSE. 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. Based on the financial results reported by each company as of December 31, 2012, the cumulative funding commitment for Fannie Mae and Freddie Mac was set at $445.5 billion. In total, as of December 31, 2013, $187.5 billion has been invested in the GSEs, and the liquidation preference of the senior preferred stock held by Treasury has increased accordingly. The agreements also require that Fannie Mae and Freddie Mac pay quarterly dividends to Treasury. Prior to calendar year 2013, the quarterly dividend amount was based on an annual rate of 10 percent of the liquidation preference of Treasury's senior preferred stock. Amendments to the PSPAs effected on August 17th, 2012, replace the 10 percent dividend with an amount equivalent to the GSE's positive net worth above a capital reserve amount. The capital reserve amount for each company was set at $3.0 billion for calendar year 2013, and declines by $600 million at the beginning of each calendar year thereafter until it reaches zero. Through December 31, 2013, the GSEs have paid a total of $185.2 billion in dividends payments to Treasury on the senior preferred stock. The Budget estimates additional dividend receipts of $181.5 billion from January 1, 2014, through FY 2024. The cumulative budgetary impact of the PSPA agreements from the first PSPA purchase through FY 2024 is estimated to be a net return to taxpayers of $179.2 billion. The Temporary Payroll Tax Cut Continuation Act of 2011 signed into law on December 23, 2011, required that the GSEs increase their fees by an average of at least 0.10 percentage points above the average guarantee fee imposed in 2011. Revenues generated by this fee increase are remitted directly to the Treasury for deficit reduction and are not included in the PSPA amounts. The Budget estimates resulting deficit reductions from this fee of $32.8 billion from FY 2012 through FY 2024.

2. *GSE MBS Purchase Programs*

Treasury initiated a temporary program during the financial crisis 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 corresponding rates on Treasury securities. 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. Treasury sold the last of its MBS holdings in March 2012. The MBS purchase program generated $11.9 billion in net budgetary savings, calculated on a net present value basis as required by the Federal Credit Reform Act.

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 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 into new obligations for these programs expired on December 31, 2009. Due to uncertainties and strain throughout the housing sector and the widening of spreads in the tax-exempt market, HFAs experienced challenges in issuing new bonds to fund new mortgage lending and faced difficulties in renewing required liquidity facilities on non-punitive terms. In response, Treasury has provided extensions to the NIBP and TCLP agreements. In November 2011, Treasury extended the contractual deadline for HFAs to use existing NIBP funds to December 31, 2012. By that date, State and local HFAs had used $13.2 billion to finance single and multi-family mortgages, and the remainder had been returned to Treasury. In late 2012, Treasury granted three-year extensions to the TCLP agreements for six HFAs in order to give these HFAs additional time to reduce their TCLP balances. The revised agreements will expire by December 2015. As of November 30, 2013, the remaining balance of TCLP backed bonds had decreased to $1.7 billion.

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 private market initiatives to prevent homeowners who can no longer afford to make their mortgage payments from losing their homes. 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 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 to reduce eligible homeowners' monthly payments to affordable levels. The incentive payments for the modification of loans not held by the GSEs are paid by Treasury's TARP fund, while the incentive payments for the modification of loans held by the GSEs are paid by the GSEs. As of November 30, 2013, more than 2.1 million trial modifications have been initiated, resulting in almost 1.3 million permanent mortgage modifications. HAMP has also encouraged the mortgage industry to adopt similar programs that have helped millions more at no cost to the taxpayer. In May of 2013, the Administration announced a two year extension of HAMP to December 31, 2015 to align with extended deadlines for HARP and other programs for homeowners with loans owned or guaranteed by Fannie Mae and Freddie Mac. For more information on HAMP, see the Financial Stabilization Efforts and their Budgetary Effects chapter of this volume.

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 and who are current on their loan payments 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 enhanced by lowering the fees charged by Fannie Mae and Freddie Mac on these refinancings, streamlining the application process, and removing the previous LTV cap of 125 percent. These changes coupled with record low mortgage interest rates have contributed to an increase in HARP loan volumes; more than 800,000 HARP refinancings were completed from January through October of 2013 alone and almost 3 million refinancings have been completed since the program's inception. In April of 2013, FHFA announced a two year extension of HARP to December 31, 2015.

Future of the GSEs

The Administration is committed to working with the Congress to reform the housing finance system to prevent future crises, protect taxpayers, and preserve affordable access to mortgages—including the 30-year fixed rate mortgage. The Administration also continues to support 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.

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. Temporary GSE conforming loan limits of up to $729,750 expired on September 30, 2011, and the allowable investment portfolios of Fannie Mae and Freddie Mac will continue to be reduced by 15 percent each year, according to the terms of Treasury's PSPA agreements with the enterprises as amended in August 2012. In 2013, Fannie Mae and Freddie Mac initiated a series of credit risk-sharing transactions with private market participants that add an additional layer of private loss coverage, further limiting taxpayer exposure to credit losses from the GSEs and potentially providing a model for future reforms. Increases in the guarantee fees charged by Fannie Mae and Freddie Mac are also enhancing the price-competitiveness of non-GSE mortgages.

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 and provide more beneficial student loan repayment terms. On July 1, 2010, ED became the sole originator of Federal student loans through the Direct Loan program, and despite significant technical challenges, 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 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 and moderate family incomes are eligible for loans with more generous terms. For those loans, the Federal Government provides many other benefits, including not charging interest while undergraduate borrowers are in school and during certain deferment periods.

In 2013 President Obama signed the Bipartisan Student Loan Certainty Act which amended the Higher Education Act of 1965 to establish interest rates for new direct student loans made on or after July 1, 2013. Interest rates on Direct Loans would be set at a variable interest rate that would be determined annually but would be fixed for the life of the loan. Interest rates for Federal Direct Stafford Loans, Federal Direct Unsubsidized Stafford Loans, and Federal Direct PLUS Loans would be set by: (1) indexing the interest rate to the rate of ten-year Treasury notes; and (2) adding the indexed rate to a specific base percent for each type of loan. The Act also set specific caps for each type of direct student loan. For Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans issued to undergraduate students, the Act set the rate at 2.05 percentage points above to the Treasury 10-year note rate with a cap of 8.25 percent. For Federal Direct Unsubsidized Stafford Loans issued to graduate or professional students, the rate is 3.6 percentage points above the Treasury rate and capped at 9.5 percent. Finally, for Federal Direct PLUS Loans issued to parents and graduate/professional students, the rate is 4.6 percentage points above the Treasury rate and capped at 10.5 percent.

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 a “Pay As You Earn” (PAYE) initiative to accelerate these benefits for current and future college students who have student loans. Under the plan, eligible borrowers have their loan payments set at no more than 10 percent of their discretionary incomes and would have balances forgiven after 20 years. This plan became available to certain eligible borrowers in December 2012. The 2015 Budget proposes to extend similar benefits to all student borrowers, regardless of when they borrowed, while reforming the PAYE terms to ensure that it is well-targeted and provides safeguard against rising tuition at high-cost institutions. In addition, the Budget proposes to create an expanded, modernized Perkins Loan program providing $8.5 billion in loan volume annually. Instead of being serviced by the colleges, loans would be serviced by ED along with other Federal loans. The savings from this proposal would be appropriated to the Pell Grant 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 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 at a reasonable price 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 2013, SBA’s outstanding balance of direct and guaranteed loans totaled approximately $110 billion.

The 2015 Budget supports more than $30 billion in financing for small businesses through the 7(a) General Business Loan program and the 504 Certified Development Company (CDC) program. The 7(a) program will support $17.5 billion in guaranteed loans that will help small businesses operate and expand. This amount includes an estimated $15.7 billion in term loans and $1.8 billion in revolving lines of credit; the latter are expected to support over $40 billion in total credit assistance through draws and repayments over the life of the commitment. The 504 program will support $7.5 billion in guaranteed loans for fixed-asset financing, and the Budget also extends an additional $7.5 billion in no-cost 504 guarantees to allow small businesses to refinance to take advantage of current interest rates and free up resources for expansion. In addition, SBA will supplement the capital of Small Business Investment Corporations (SBICs) with up to $4 billion in long-term, guaranteed loans to support SBIC financing assistance for venture capital investments in small businesses, including an added focus in 2015 within the SBIC's Impact Investment Fund to provide support for young manufacturing firms scaling up their first commercial facility. The Budget also supports SBA's disaster direct loan program at its 10-year average volume of $1.1 billion in loans, and includes $187 million to administer the program. Of this amount, $155 million is provided through the Budget Control Act's disaster relief cap adjustment for costs related to Stafford Act (Presidentially-declared) disasters.

For the 2015 Budget, SBA recorded a net downward reestimate of $780 million in the expected costs of its outstanding loan portfolio, reflecting an improved loan performance forecast, which will decrease the 2014 budget deficit.

Due to improving economic conditions and the 2013 refinements in program cost estimation, the 7(a) program is projected to have zero subsidy cost for 2014. As a result, SBA's fees charged to lenders and borrowers have decreased from recent years. SBA eliminated lender fees on loans of less than $150,000 in 2014 to promote lending to small businesses that face the greatest constraints on credit access. SBA also took action in 2014 to support veterans by waiving upfront fees on 7(a) Express loans between $150,000 and $350,000 for veteran-owned businesses at a minimal cost to taxpayers. The easing of fees for veteran-owned businesses will expand in 2015 by adding a 50 percent upfront fee waiver to non-SBA Express 7(a) loans above $150,000 to veterans, a group often underserved in credit markets. The 7(a) credit model will undergo continued review throughout 2014 to ensure that it accurately forecasts the 7(a) program's cost to taxpayers.

The Budget also requests $25 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.

To help small businesses drive economic recovery and create jobs, the Small Business Jobs Act of 2010 created two new mandatory programs to increase financing assistance to small businesses, administered by the Department of the Treasury.

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 create new or build on existing models for small business programs, including collateral support programs, capital access programs, revolving loan and loan guarantee programs, loan participation programs, and State venture capital programs. SSBCI guidelines state that all approved programs must demonstrate a reasonable expectation of 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 September 30, 2013, SSBCI had approved funding for 47 states, 5 territories, 4 municipalities, and the District of Columbia for a total of over $1.4 billion in obligations, of which $912 million had already been disbursed. During 2013, Treasury provided technical assistance to States in order to improve program impacts, focusing on elements of good program design, operation, and marketing.

The Budget includes an additional $1.5 billion for a second round of the State Small Business Credit Initiative. The proposal requires $1 billion of the funding to be competitively awarded to States best able to target underserved groups, leverage Federal funding and evaluate results. The remaining $500 million will be allocated to States according to a need-based formula based on economic factors such as job losses and pace of economic recovery.

The second Treasury program created by the Act was the Small Business Lending Fund (SBLF), a dedicated investment 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 helps 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 was 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 5 percent. For participants whose lending does not increase in the first two years, however, the rate will increase to 7 percent. 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. The current reestimated subsidy rate and actual program volume of $4.03 billion result in projected budget savings of approximately $25 million, representing a decrease in the original projected subsidy cost of $1.3 billion. In 2013, Treasury released the results of a study on the Small Business Lending Fund analyzing changes in small business lending by SBLF participants as of June 30, 2013. Among other findings, the study concluded that:

- SBLF participants have, in total, increased their small business lending by $10.4 billion over a $36.5 billion baseline;
- Increases in small business lending were widespread, with 92 percent of participants having in-

creased their small business lending over baseline levels; and

- When compared with changes relative to a peer group, SBLF banks have increased business loans outstanding by a median of 48.2 percent over baseline levels, versus a 10.3 percent median increase for the representative peer group.

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 2013, FSA provided loans and loan guarantees to almost 30,000 family farmers totaling $3.9 billion. Direct and guaranteed loan programs provided assistance totaling $1.7 billion to beginning farmers during 2013. Loans for socially disadvantaged farmers totaled $570 million, of which $268 million was in the farm ownership program and $302 million in the farm operating program. The average size of farm ownership loans was consistent over the past two years, with new customers receiving the bulk of the direct 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 continue to drive applicants from commercial credit to FSA direct programs. Also, record high land prices, market volatility and uncertainty are driving lenders to request guarantees in situations where they may not have in the past. In the 2015 Budget, FSA proposes to make $5.6 billion in direct and guaranteed loans through discretionary programs. The Budget also requests funding for the guaranteed conservation loans. The overall loan level for conservation loans is unchanged from the 2014 requested level of $150 million.

Lending to beginning farmers was strong during 2013. FSA provided direct or guaranteed loans to more than 23,500 beginning farmers. Loans provided under the Beginning Farmer Down Payment Loan Program represented 29 percent of total direct ownership loans made during the year, substantially less than the previous year. Fifty six percent of direct operating loans were made to beginning farmers, an increase of 23 percent in dollar volume over 2012. Overall, as a percentage of funds available, lending to beginning farmers was 1 percentage point above the 2012 level. Lending to minority and women farmers was a significant portion of overall assistance provided, with $570 million in loans and loan guarantees provided to more than 7,100 farmers. This represents an increase of 4 percent in the overall number of direct loans to minority and women 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.

FSA continues to evaluate the farm loan programs in order to improve their effectiveness. FSA released a new Microloan program to increase lending to small niche producers and minorities. This program dramatically reduces application procedures for small loans, and implements more flexible eligibility and experience requirements. FSA has also developed a nationwide continuing education program for its loan officers to ensure they remain experts in agricultural lending, and it is 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.

The Farm Credit System (Banks and Associations)

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, 2012 and September 30, 2013, the ratio of capital to assets increased from 16.1 percent to 16.5 percent. Capital consisted of $38.3 billion in 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 2013, net income equaled $3.5 billion compared with $3.2 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, 2013, nonperforming loans as a percentage of total loans outstanding decreased from 1.53 percent to 1.15 percent, primarily because of an improvement in the credit quality of loans to borrowers in certain agricultural sectors. System assets grew a moderate 5.5 percent during that period as growth in real estate mortgage, production and intermediate, energy and water/waste water, and other loans offset declines in loans to cooperatives and communication loans.

Over the same period, the System's loans outstanding grew by $8.8 billion, or 4.7 percent, while over the past five years they grew by $36.1 billion, or 22.9 percent. As required by law, borrowers are also stockholder-owners of System banks and associations. As of September 30, 2013, the System had 502,044 stockholders.

The number of FCS institutions continued to decrease because of consolidation. As of September 30, 2013, the System consisted of four banks and 82 associations, compared with seven banks and 104 associations in September 2002. Of the 86 FCS banks and associations, 77 of them had one of the top two examination ratings (1 or 2 on a 1 to 5 scale) and accounted for 98.4 percent of gross System's assets. Eight FCS institutions had a rating of 3, and 1 FCS institution had a rating of 4.

Loans to young, beginning, and small farmers and ranchers represented 11.7 percent, 15.2 percent, and 17.4 percent, respectively, of the total dollar volume of all new farm loans made in 2012. The shares of all three categories were higher than those reported for 2011. Between 2011 and 2012, the increase in the dollar volume of new loans was 18.5 percent for young farmers, 19.2 percent for beginning farmers, and 17.9 percent for small 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. High grain prices and a weak housing industry put considerable stress on the protein, dairy and ethanol industries, as well as housing related sectors such as timber and nurseries. However, credit conditions in these industries have improved substantially in the past year. 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, 2013, the assets in the Insurance Fund totaled $3.4 billion. As of September 30, 2013, the Insurance Fund as a percentage of adjusted insured debt was 1.99 percent. This was slightly below the statutory secure base amount of 2 percent. During the first nine months of calendar year 2013, outstanding insured System obligations grew by 1.7 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, 2013, Farmer Mac's total outstanding program volume (loans purchased and guaranteed, standby loan purchase commitments, and AgVantage bonds purchased and guaranteed) amounted to $13.79 billion, which represents an increase of 10.6 percent from the level a year ago. Of total program activity, $9.7 billion were on-balance-sheet loans and guaranteed securities, and $4.1 billion were off-balance-sheet obligations. Total assets were $13.1 billion, with nonprogram investments (including cash and cash equivalents) accounting for $3.2 billion of those assets. Farmer Mac's net income for the first three quarters of calendar year 2013 was $59.3 million, a significant increase from the same period in 2012 during which Farmer Mac reported net income of $34.3 million. Farmer Mac's earnings can be substantially influenced by unrealized fair-value gains and losses. For example, fair-value changes on financial derivatives resulted in an unrealized gain of $22.5 million for the first three quarters of 2013, compared with unrealized losses $23.3 million for the same period in 2012 (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 manmade 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, $8 billion for advanced fossil energy technologies, and $18.5 billion for energy efficiency, renewable energy, and transmission and distribution projects. The 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. Congress has since provided no new loan authority or credit subsidy for DOE's Title 17 program. The President's 2015 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 financed by 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 provided guarantees for up to 80 percent of loan amounts financed by private sector financial institutions. This structure utilized private sector expertise, expedited the lending/underwriting process, and leveraged the program's funds by sharing project risks with the private sector, while increasing private sector experience with financing new 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 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. Four projects withdrew prior to any disbursement of funds.

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 $5 billion in direct loans for electricity distribution, construction of renewable energy facilities, transmission, and carbon capture projects on facilities to replace fossil fuels. The Budget also provides $690 million in direct telecommunications loans, $44 million in broadband loans, $20 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. That coupled with the historically low funding costs for the Government has resulted in negative subsidy rates for these programs.

The program level for the Water and Wastewater treatment facility loan and grant program in the 2015 President's Budget is $1.5 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 2015, it will have a program level of $2.2 billion in direct loans and $21 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 and healthcare networks) and to diversify the rural economy and employment opportunities. In 2015, USDA proposes to provide $627 million in loan guarantees and direct loans to entities that serve communities of 25,000 or less through the Intermediary Relending program and to entities that serve communities of 50,000 or less through the Business and Industry guaranteed loan program and the Rural Microentrepreneur

Assistance program. These loans are structured to save or create jobs and stabilize fluctuating rural economies.

The Rural Business Service is also responsible for the Rural Energy for America program through which the Budget proposes $10 million in funding to support $52 million in loan guarantees and grants 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 39 projects that have received TIFIA credit assistance represent over $55 billion of infrastructure investment in the United States. Government commitments in these partnerships constitute nearly $15 billion in Federal assistance with a budgetary cost of approximately one billion dollars.

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 an additional $20 to $30 in non-Federal transportation infrastructure investment. Prior to the most recent surface transportation reauthorization, MAP-21, the demand for the TIFIA program far exceeded available resources. MAP-21 dramatically increased program resources in an effort to help meet demand, providing $750 million in 2013 and $1 billion for the program in 2014. In 2015, the President's Budget continues to build upon prior success by requesting $1 billion for the TIFIA program. At the requested level, TIFIA could provide approximately $10 billion in credit support for up to $30 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 also 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 stipulates 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, over $1.7 billion in direct loans have been made under the RRIF program.

National Infrastructure Bank

To direct Federal resources for infrastructure to projects that demonstrate the most merit and may be difficult to fund under the current patchwork of Federal programs, the President has called for the creation of an independent, non-partisan National Infrastructure Bank (NIB), led by infrastructure and financial experts. The NIB would offer broad eligibility and unbiased selection for transportation, water, and energy infrastructure projects. Projects would have a clear public benefit, meet rigorous economic, technical and environmental standards, and be backed by a dedicated revenue stream. Geographic, sector, and size considerations would also be taken into account. Interest rates on loans issued by the NIB would be indexed to United States Treasury rates, and the maturity could be extended up to 35 years, giving the NIB the ability to be a "patient" partner side-by-side with State, local, and private co-investors. To maximize leverage from Federal investments, the NIB would finance no more than 50 percent of the total costs of any project.

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 private and sovereign borrowers. These programs are intended to level the playing field for U.S. exporters, deliver robust support for U.S. goods and services, stabilize international financial markets, and promote sustainable development.

Leveling the Playing Field

Federal export credit programs counter official financing that foreign governments around the world, largely in Europe and Japan but also increasingly in emerging markets such as China and Brazil, 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). In its current form, this agreement has virtually eliminated direct interest rate subsidies, significantly constrained tied-aid grants, and standardized the fees for corporate and sovereign lending across all OECD ECAs—bringing the all-in costs of OECD export credit financing broadly in line with market levels. In addition to ongoing OECD negotiations, US government efforts resulted in the 2012 creation of the International Working Group (IWG) on export credits. This group includes China and other non-OECD providers of export credits in discussions on a broader framework that would bring common practices to ECAs throughout the world.

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 mobilizes private capital to help solve critical challenges such as renewable energy and infrastructure development, and in doing so, advances U.S. foreign policy. OPIC achieves its mission by providing investors with financing, guarantees, political risk insurance, and support for private equity investment funds. These programs are intended to create more efficient financial markets, eventually encouraging the private sector to supplant OPIC finance in developing countries.

Ongoing Coordination

International credit programs are coordinated through two groups to ensure consistency in policy design and credit 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) through the National Credit Union Share Insurance Fund (SIF). As of September 30, 2013, the FDIC insured $6 trillion of deposits at 6,891 commercial banks and thrifts, and the NCUA insured $862 billion of shares at 6,620 credit unions. The expiration of the Transaction Account Guarantee program on December 31, 2012 led to a large one time reduction in FDIC insured deposits as amounts above $250,000 deposited in domestic noninterest-bearing transaction accounts are no longer insured by FDIC. See the Financial Stabilization Efforts and their Budgetary Effects chapter of the Analytical Perspectives volume of the 2014 President's Budget for more information on the Transaction Account Guarantee program.

Recent Reforms

Since its creation, the Federal deposit insurance system has undergone many reforms. As a result of the recent crisis, several reforms were enacted to protect both the acute and longer-term integrity of the Federal deposit insurance system. The Helping Families Save Their Homes Act of 2009 (P.L. 111–22) provided NCUA with tools to protect the Share Insurance Fund as well as support to credit union member institutions. Notably, the Helping Families Save Their Homes Act:

- Segregated losses of corporate credit unions into the Temporary Corporate Credit Union Stabilization Fund (TCCUSF), providing a mechanism for assessing losses related to the corporate credit unions to member institutions over an extended period of time;
- Allowed a restoration plan to spread insurance premium assessments over a period of up to eight years if the equity ratio fell below 1.2 percent; and
- Increased the Share Insurance Fund's borrowing authority to $6 billion.

The Dodd-Frank Wall Street Reform and Consumer Protection (Wall Street Reform) Act of 2010 included provisions allowing 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 balance to total estimated 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 DIF 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 implementing the Wall Street Reform Act, the FDIC issued a final rule setting a long-term (i.e., beyond 2024) reserve ratio target of 2 percent, a goal that FDIC considers necessary to maintain a positive fund balance during economic crises while permitting steady long-term assessment rates that provide 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 financial 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 Fund Performance

After seven consecutive quarters of negative balances, the DIF balance became positive on June 30, 2011, standing at $3.9 billion on an accrual basis, then doubling to $7.8 billion on September 30, 2011. As of September 30, 2013, the DIF fund balance stood at $40.8 billion. The growth in the DIF balance is a result of fewer bank failures and higher assessment revenue. The reserve ratio on September 30, 2013 was 0.68 percent.

As of September 30, 2013, the number of insured institutions on the FDIC's "problem list" (institutions with the highest risk ratings) totaled 515, which represented a decrease of nearly 42 percent from December 2010. Furthermore, the assets held by problem institutions decreased by more than 55 percent.

The SIF ended September 2013 with assets of $11.7 billion. The NCUA's equity ratio was 1.31 percent in March 2013. If the equity ratio increases above the normal operating level of 1.30 percent, a distribution is normally paid to member credit unions to reduce the equity ratio to the normal operating level. However, the Helping Families Save Their Homes Act requires that SIF dividends be directed to Treasury for the repayment of any outstanding TCCUSF loans before a distribution can be paid to member credit unions. In March of 2013, NCUA distributed SIF dividends of $88 million to the TCCUSF. As of September 30, 2013, the TCCUSF had a $4.7 billion loan outstanding from the Department of the Treasury.

The health of the credit union industry continues to improve. Consequently, the ratio of insured shares in problem institutions to total insured shares decreased to 1.6 percent in September 2013 from a high of 5.7 percent in December 2009. With the improving health of credit unions, NCUA has been steadily reducing SIF loss reserves. As of September 30, 2013, the SIF had set aside $243.8 million in reserves to cover potential losses, over 75 percent less than the $1.0 billion set-aside as of September 30, 2011.

Restoring the Deposit Insurance Funds

Pursuant to the Wall Street Reform Act, the restoration period for the FDIC's 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 changes in net provisions for losses coupled with lower projected investment income in 2014 will slightly decrease the DIF reserve ratio to 0.64 percent at year-end. From 2015 on, however, it is expected to increase steadily, reaching the statutorily required level of 1.35 percent 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 CY 2009 and for all of CY 2010, 2011, and 2012. The FDIC collected approximately $45 billion in prepaid assessments pursuant to this rule. Unlike a special assessment, the prepaid assessments did not immediately affect bank earnings; it was 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, provided the FDIC with ample operating cash flows to effectively and efficiently resolve bank failures during the short period in which the DIF balance was 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 flows over the entire 10-year budget horizon.

While the NCUA has successfully restored the reserve ratio of the SIF to the required level, NCUA continues to seek compensation from the parties that created and sold troubled assets to the failed corporate credit unions. As of December 31, 2013, NCUA's gross recoveries from securities underwriters total more than $1.75 billion, helping to minimize losses and future assessments on federally insured credit unions. These recoveries have also accelerated repayment of the TCCUSF's outstanding U.S. Treasury borrowings.

Budget Outlook

The Budget estimates DIF net outlays of -$92.9 billion (i.e. net inflows into the fund) over the 10-year budget window. As a result of updated economic assumptions and technical changes to OMB's forecasting model, the projected inflows between 2014 and 2023 are lower than the 2014 Mid-Session Review (MSR) projection by approximately $5.8 billion. The latest public data on the banking industry led to a downward 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 lower bank failure projection, the Budget projects much lower FDIC premiums necessary to reach the minimum Wall Street Reform Act DIF reserve ratio of 1.35 percent.

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 un-

Table 20–1. TOP 10 FIRMS PRESENTING CLAIMS (1975-2013)

Single-Employer Program

	Firm	Fiscal Year(s) of Plan Termination(s)	Claims (by firm)	Percent of Total Claims (1975-2013)
1	United Airlines	2005	$7,304,186,216	15.01%
2	Delphi	2009	6,387,327,984	13.13%
3	Bethlehem Steel	2003	3,702,771,655	7.61%
4	US Airways	2003, 2005	2,723,720,013	5.60%
5	LTV Steel*	2002, 2003, 2004	2,134,985,884	4.39%
6	Delta Air Lines	2006	1,720,156,504	3.53%
7	National Steel	2003	1,319,009,117	2.71%
8	Pan American Air	1991, 1992	841,082,434	1.73%
9	Trans World Airlines	2001	668,377,106	1.37%
10	Weirton Steel	2004	640,480,970	1.32%
	Top 10 Total		$27,442,097,883	56.39%
	All Other Total		$21,219,218,191	43.61%
	TOTAL		$48,661,316,074	100.00%

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

Sources: PBGC Fiscal Year Closing File (9/30/13), 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 trusteed plans of each firm.

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

derfunded 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. Both types of PBGC premiums—the flat rate (a per person charge paid by all plans) and the variable rate (paid by some underfunded plans) are set in statute. CBO and others have noted that the premium rates are far lower than what a private financial institution would charge for insuring the same risk.

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

PBGC operates two legally distinct insurance programs: one for single employer plans and another for multiemployer plans. Single employer plans generally provide benefits to the employees of one employer. When an underfunded single employer plan terminates, usually through bankruptcy, PBGC becomes trustee of the plan, applies legal limits on payouts, and pays benefits. The amount of benefit paid is determined after taking into account (a) the benefit that a beneficiary had accrued in the terminated plan, (b) the availability of assets from the terminated plan to cover benefits, and (c) the legal maximum benefit level set in statute. In 2013, the maximum annual payment guaranteed under the single-employer program was $55,841 for a retiree aged 65.

PBGC's single-employer program has incurred substantial losses from underfunded plan terminations. Table 20-1 shows the ten largest plan termination losses in PBGC's history. Nine of the ten happened since 2001.

Multiemployer plans are collectively bargained pension plans maintained by more than one unrelated employer, usually within the same or related industries, and one or more labor unions. PBGC's role in the multiemployer program is more like that of a re-insurer; if a company sponsoring a multiemployer plan fails, its liabilities are assumed by the other employers in the collective bargaining agreement, not by PBGC, although those employers can withdraw from a plan for an exit fee. PBGC becomes responsible for insurance coverage when the plan runs out of money to pay benefits at the statutorily guaranteed level, which usually occurs after all contributing employers have withdrawn from the plan, leaving the plan without a source of income. PBGC provides insolvent multiemployer plans with financial assistance in the form of loans sufficient to pay guaranteed benefits and administrative expenses. Benefits under the multiemployer program are calculated based on the benefit a participant would have received under the insolvent plan, subject to the legal multiemployer maximum set in statute. The maximum guaranteed amount depends on the participant's years of service. In 2013, for example, the maximum annual payment for a participant with 30 years of service was $12,870.

As of September 30, 2013, the single-employer and multi-employer programs reported deficits of $27.4 billion and $8.3 billion, respectively. Although PBGC will be able to pay benefits for years to come, it is still projected to be unable to meet its long-term obligations under current law. 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 $329 billion. For 2013, 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 Congress has raised premiums twice since 2012. The Moving Ahead for Progress in the 21st Century Act (MAP-21), signed on July 6, 2012, increased PBGC premiums for both single-employer and multiemployer plans. The Bipartisan Budget Act, signed on December 26, 2013, raised single-employer premiums. Flat-rate premiums for single-employer plans will be increased to $64 by 2016, and will be indexed to inflation thereafter. Variable-rate premiums will also increase, and will also be indexed to inflation for the first time. Rates are expected to increase to $29 per $1000 of underfunding by 2016. The variable-rate premium will be capped in filing year 2013 at $400 times the number of plan participants; the cap increases to $500 by 2016, and is indexed thereafter. Flat-rate premiums for multiemployer plans were increased to $12 for 2013, and will be indexed thereafter.

While this legislation brings in much-needed resources to improve PBGC's financial condition, rates remain much lower than what a private financial institution would charge for insuring the same risk. Any further premium increases need to be carefully crafted to avoid worsening PBGC's financial condition and harming workers' retirement security by driving healthy plans that pose little risk of presenting a claim to PBGC out of the system.

To address these concerns, the 2015 Budget proposes to give the PBGC Board the authority to adjust premiums in both the single and multi- employer programs to better account for the risk that different sponsors pose. In the multiemployer program, these premium increases are crucial to improving solvency but will not be sufficient to address the complex challenges facing these plans. The Administration looks forward to working with Congress to develop a more comprehensive solution. This proposal is estimated to save $20 billion over the next decade.

Consistent with previous Administration proposals, the Board would be required to consult with stakeholders prior to setting a new premium schedule and to establish a hardship waiver and other limitations on plan-specific premium increases. PBGC would be directed to try to make the premiums counter-cyclical and any increase would be phased in gradually. In determining the new premium rates, the Board would consider a number of factors, including a plan's risk of losses to PBGC and the amount of a plan's underfunding.

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 floodplain management measures. Coverage is limited to buildings and their contents. By the end of 2013, the program had over 5.5 million policies in more than 22,200 communities with over $1.3 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, to combine a program of insurance with flood mitigation measures to reduce the nation's risk of loss from flood, and to minimize Federal disaster-assistance expenditures. 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 floodplain management requirements, which make up 21.5 percent of the total policies in force, currently 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, and 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 for consumers to buy.

While these strategies have resulted in steady policy growth over recent years, the growth slowed somewhat since 2009 due to the severe downturn in the economy. After a slight decline in 2012, the program grew by 16,000 policies in 2013.

DHS also has a multi-pronged strategy for reducing future flood damage. The NFIP offers flood mitigation assistance grants to assist flood victims to rebuild to current building codes, including base flood elevations, thereby reducing future flood damage costs. In particular, flood mitigation assistance grants 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 the flood mitigation grant program is 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 Hurricanes Katrina and Sandy as notable examples, 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 exercises its borrowing authority through the Treasury 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. Hurricane Sandy in 2012 also generated significant flood insurance claims. As a result, the Administration and Congress have increased the borrowing authority to $30.4 billion. The program's debt is currently $24 billion.

The catastrophic nature of the 2005 hurricane season also triggered an examination of the program, and the Administration worked with Congress to improve the program. On July 6, 2012, the Biggert Waters Flood Insurance Reform Act of 2012 was signed into law. In addition to reauthorizing the NFIP for 5 years, the bill also requires the NFIP generally to move to full risk-based premium rates and strengthens the NFIP financially and operationally.

In 2013, the NFIP began phasing in risk-based premiums for certain properties, as required by the law.

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 cooperative 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.

The 2015 Budget continues to propose policies that are similar to those included in the 2013 and 2014 Budget and recommended to the Joint Committee for Deficit Reduction:

1. Lower the cap for the crop insurance companies' return on retained premium to 12 percent,

2. Lower the cap on the companies' administrative expense reimbursement to $0.9 billion, adjusted annually for inflation,

3. Lower the subsidy for producer premiums by 3 percentage points for policies where the Government subsidizes more than 50 percent of the premium, and

4. Reduce premium subsidy by 4 percentage points for revenue coverage that is tied to upward price movements at harvest time.

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 2013, the 10 principal crops, (barley, corn, cotton, grain sorghum, peanuts, potatoes, rice, soybeans, tobacco, and wheat) accounted for over 85 percent of total liability, and approximately 86 percent of the 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 stemming 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.

The pilot Rainfall Index and Vegetation Index plans of insurance are pilot area plans of insurance that insure against a decline in an index value covering Pasture, Rangeland, and Forage. These pilot programs meet the needs of livestock producers who purchase insurance for protection from losses of forage produced for grazing or harvested for hay. In 2013, there were 26,679 vegetation and rainfall policies sold, covering over 54 million acres of pasture, rangeland and forage. There was over $1 billion in liability, and through January 2014 nearly $159 million in indemnities paid to livestock producers who purchased coverage.

RMA is continuously working to develop new products and to expand or improve existing products in order to cover more agricultural commodities. Under the 508(h) authorities and procedures, RMA may 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 508(h) authorities. In 2013, two new privately developed crop insurance programs, Downed Rice Endorsement and Machine Harvested Cucumbers, were approved under the authorities provided by section 508(h) of the Federal Crop Insurance Act and were made available to producers for the 2014 crop year. Five other privately developed products were approved for expansion to producers in additional states and counties: APH Olive, Camelina, Pulse Crop Revenue, Fresh Market Beans and Louisiana Sweet Potato. There are three additional privately developed products currently under the FCIC Board of Directors review process along with four Concept Proposals the FCIC Board has approved for reimbursement of a portion of research and development expenses that are targeted to be available to producers in 2015.

Lastly, RMA contracts for the development of new or improved programs subject to FCIC Board approval. One new program, for Tart Cherries, was developed and approved by the FCIC Board for sale to producers beginning with the 2014 crop year, and another program, the Area Risk Protection Insurance for Rice, was approved but will not be available until the 2015 crop year."

For more information and additional crop insurance program details, please reference RMA's web site: (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 ensure the continued availability of property and casualty insurance following the terrorist attacks of September 11, 2001. TRIP's initial three-year authorization enabled the Federal Government to establish a system of shared public and private compensation for insured 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 enacted a further seven-year extension of TRIP and expanded the program to include losses from domestic as well as foreign acts of terrorism (P.L. 110-318). For all seven extension years, TRIP 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 of up to $100 billion above the deductible, and a $100 million minimum event cost triggering Federal coverage. The 2007 extension also requires Treasury to recoup 133 percent of all Federal payments made under the program up to $27.5 billion, and accelerates deadlines for recoupment of any Federal payments made before September 30, 2017. The current authorization expires on December 31, 2014.

The Budget baseline includes the estimated Federal cost of providing terrorism risk insurance through the expiration of the program on December 31, 2014. Using market data synthesized through a proprietary model, the Budget projects annual outlays and recoupment for TRIP. While the Budget does not forecast any specific triggering 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 $230 million over the 2015-2019 period and $300 million over the 2015-2024 period.

In order to preserve the long-term availability and affordability of property and casualty insurance for terrorism risk, the Budget proposes to extend the Terrorism Risk Insurance Program and to implement programmatic reforms to limit taxpayer exposure and achieve cost neutrality. The Administration will work with Congress to identify appropriate adjustments to program terms to achieve budget neutrality and, over the longer term, full transition of the program to the private sector. Building on previously enacted reforms to the program, this extension may include changes to the size of the deductible, the threshold for a certified terrorist event, or the loss-sharing percentages for the Government and covered firms after the deductible is exceeded.

Airline War Risk Insurance

The aviation war risk insurance program expires on September 30, 2014. In the months following the attacks of September 11, 2001, Congress enacted legislation requiring the Secretary of Transportation to expand insurance provided to U.S. air carriers for war and terrorism risks to include hull loss, passenger loss of life, and third party liability, but established limits on the amount of premiums the Secretary could charge. As a result, the program does not collect enough premiums to cover its potential risk. With the goal of utilizing private capacity to manage aviation war risk, the Administration proposes to reform the program, beginning in 2015, by only covering losses resulting from the use of nuclear, bio-chemical, and radioactive (NBCR) attacks and providing a backstop that would trigger FAA full war risk insurance in the event of a widespread cancellation of coverage by the private insurance market. Air carriers would be free to negotiate the charge for commercial war risk coverage in the private insurance market. FAA would offer NBCR coverage, and air carriers would pay premiums to FAA for this coverage. Most foreign air carriers currently obtain most of their war risk insurance from commercial insurers.

IV. FAIR VALUE BUDGETING FOR CREDIT PROGRAMS

Accurate cost and revenue estimates support a sound budget—one that shows the fiscal position of the Federal Government and allocates limited resources across competing needs. Cost estimation is challenging for Federal credit programs because loans and loan guarantees create obligations for uncertain cash flows that can extend far into the future.

The Federal Credit Reform Act of 1990 (FCRA) greatly improved the accuracy of cost estimates for credit programs by reflecting the estimated lifetime costs of loans and loan guarantees up front on a net present value basis, requiring policy officials to budget for those lifetime costs when making programmatic decisions. Any change to FCRA should be consistent with the original goals of credit reform, to provide better information on the budgetary costs of credit programs and improve resource allocation by placing them on a comparable basis to other credit programs and other forms of Federal spending.

Some analysts have argued that credit programs impose costs on taxpayers that are not reflected under FCRA, in particular, costs related to uncertainty. As an alternative, they have proposed to require that the budget use "fair value" estimates for credit programs. In practice, this would mean discounting credit program cash flows using a market interest rate, instead of the interest rate on U.S. government debt, which would generally increase the cost of these programs.

While fair value analysis may offer some useful insights and help inform decision-making for specific programs, fair value budgeting would have drawbacks that far exceed its advantages. Fair value would create significant inconsistencies across the Federal budget, making it more difficult to compare the costs of credit programs to each other or to other forms of Federal spending, and it would make Federal budgeting less transparent by introducing a wedge between cost estimates and estimated deficit effects for the same program. It would also incorporate costs not relevant to the Federal government, generally overstating the uncertainty premium that is relevant for Federal government decision-making. Finally, fair value would impose significant implementation costs and challenges and could introduce more noise and distortion than valuable information into credit estimates.

Estimating Costs under FCRA and Fair Value

Since the enactment of FCRA, cost estimates for Federal credit programs—whether loan guarantees or direct lending—equal the present value of expected cash flows to and from the Government over the life of the loan, excluding administrative costs. For example, the cost of a direct loan is the sum of disbursements minus the present value of estimated repayments after adjusting for estimated defaults, prepayments, fees, penalties, and other recoveries. Likewise, the cost of a loan guarantee equals the present value of expected claims minus the present value of payments to the Government including fees, penalties, and recoveries. Expected cash flows are discounted by Treasury rates of comparable maturity.

FCRA significantly improved budgeting for credit programs by putting estimates for loans and loan guarantees on the same footing as most other programs, eliminating a systematic bias against direct loans and in favor of loan guarantees. Before FCRA, the budget reflected the cash flows of loans and loan guarantees in the years that the cash flows occurred. The cost of new direct loans was greatly overstated relative to both loan guarantees and non-credit programs—appropriations were required for the full face value of loans and did not consider expected repayment over time. In contrast, new loan guarantees appeared free, and there was no requirement to set aside a reserve to cover anticipated losses. Under FCRA, loan guarantees and direct loans are both scored on the basis of their total expected lifetime costs to the Government. In addition to putting credit assistance on the same basis, FCRA placed the cost of credit programs on a comparable basis to most other forms of Federal spending, allowing for an efficient allocation of resources across competing needs.

FCRA estimates have been fairly accurate overall, although not always on a program-by-program basis. Net lifetime re-estimates of subsidy cost for credit programs over the 21 years that FCRA has been in place are $17 billion upward—less than one percent of the face value of the loans and guarantees made under FCRA.

Proponents of fair value budgeting do not necessarily question the accuracy of FCRA cost estimates in measuring expected cost to the Federal government. Rather, they argue that expected cost is an incomplete measure of total cost and that budget estimates should also include an additional uncertainty premium. For this reason, proponents of fair value budgeting argue for discounting the cash flow costs of credit programs using market interest rates, instead of Treasury rates. Federal credit programs produce uncertain cash flows that are subject to default, prepayment, and other risks. In contrast, market interest rates are generally higher than Treasury rates, in part because they do include this uncertainty premium. (Market rates also differ from Treasury rates for other reasons; see the box below: "Differences between FCRA and Fair Value Estimates." Moreover, under fair value, discount rates would need to be derived from available market data, and would vary across programs and in some cases by individual loan.)

Problems with Fair Value Budgeting

Consistency. Any change to credit budgeting should maintain FCRA's accomplishments in providing better information on the budgetary costs of credit programs and placing credit programs on a comparable basis to other forms of Federal spending. In contrast, fair value budgeting would make it more difficult to compare the costs of credit programs and other types of Federal spending.

Uncertainty is not unique to credit programs. The costs of virtually all mandatory programs, in particular all of the major social insurance programs such as Social Security, Medicare, and Unemployment Insurance, are uncertain and, in some cases, strongly correlated with economic conditions. Revenue estimates are uncertain and also correlated with the business cycle. The uncertainty premium is not budgeted for any of these programs, although their market prices (the premium that a private insurer would charge to insure against unemployment, for example) would be higher than the expected cost. Compared with the uncertainty associated with the deficit impact of mandatory programs and tax collections, the uncertainty in the outcome of credit programs is small. Scoring an uncertainty premium only for credit programs could distort decision making, placing a thumb on the scale against credit assistance.

Some fair value proponents argue that fair value budgeting for credit programs would improve consistency because the costs of most other government activities, consisting of grants, transfers, and purchases from the private sector, are calculated on the basis of market prices. This claim is mistaken. Estimates in these cases are based on accounting costs, that is, cash flows; in many cases, but not always, the accounting cost is the same as the market price paid by other buyers of the same goods and services in the private market. There is no occasion in which the Government chooses the market price over the accounting cost for the budgeting purpose when the accounting cost differs from the market price. For example, no one would propose that budget estimates for Medicare should reflect average prices paid by private insurers, as opposed to the actual Medicare fee schedule.

Transparency. The primary role of the budget is to reflect the fiscal position of the Federal Government. Where FCRA cost estimates and budgetary accounting tie the cost of credit programs to actual cash flows, fair value cost estimates could cause an imbalance because the cost estimate for a program would exceed the expected cost to the Government. Under fair value cost estimates, the cost estimate and estimated deficit impact of the same program would be different from one another, raising concerns about consistency and transparency.[2] Moreover, if one were to attempt to address the consistency issues discussed above by applying fair value principles across the Federal government, the costs in terms of transparency would be magnified because there would be even larger systematic divergences between budgetary cost estimates and expected

[2] A full accounting of costs under fair value should result in the same net deficit impact as under FCRA—so while legislators would be scored higher costs for the uncertainty premium, the actual cost to Government would be lower by the amount of the premium.

deficit effects. Put simply, it would no longer be possible to subtract estimated outlays from estimated revenues and arrive at the expected path for budget deficits and debt.

Equally important, fair value cost estimates include factors that are often unobservable or extremely difficult to compute—including the premium that a private actor would demand to compensate for uncertainty of future performance. The Government typically intervenes to improve efficiency in inefficient markets, where either comparable products do not exist or their prices are distorted. Many federal loans are targeted to borrowers who cannot get credit elsewhere and for whom, in most cases, no private market comparable product exists. Given these complexities, fair value budgeting would sometimes require guessing at comparable market rates without reliable references to generate or validate assumptions.

Moreover, even if data and information were available, estimating fair value costs requires advanced financial knowledge and sophisticated modeling techniques. Attempting to isolate the elements of fair value that are relevant to the Government would require judgment. Reasonable analysts would arrive at very different results. The lack of objectivity would further reduce transparency and consistency across programs and contrasts with the comparatively straightforward principles of FCRA budgeting.

FCRA costs reflect estimated cash flows, including expected risks. For example, assume an initial FCRA cost estimate suggested a $2 million cost for a $100 million loan program, the original fair value cost estimate was $10 million for the same program, and actual lifetime costs proved to be $4 million. Under FCRA, the change in cost is recognized through reestimates where program costs are updated for actual experience and changes in future expectation on an annual basis. Ultimately, one can trace back the change in cost to the actual transactions with the public under FCRA, and that actual experience can feed into future estimates as appropriate. In contrast, fair value cost estimates include factors that can never be observed, even after the fact—including how the market would price specific contract terms, expected losses, and the risk premium for uncertainty. Because fair value includes market price assumptions that are not tied to actual cashflows, there is no way to validate these assumptions and feed them into improved estimates of future costs.

Accuracy. Even if one accepts that credit program budget estimates should attempt to incorporate costs related to uncertainty, fair value estimates may not be an improvement on FCRA estimates. Many of the factors reflected in fair value pricing are irrelevant or less relevant to taxpayers than to private investors. Most important, the Federal government has greater ability to diversify risk (across activities, individuals, and generations) than any private actor. Thus, the uncertainty premium incorporated in market interest rates will generally overstate the true cost of uncertainty to Federal taxpayers. Such factors include the liquidity premium, which may be large when dealing with assets that do not trade in well-functioning liquid markets and which is less relevant to taxpayers, because the Government can easily borrow in the Treasury securities market with minimal transaction costs. (See the box below: "Differences between FCRA and Fair Value Estimates.") Overall, there is no guarantee that fair value estimates will consistently improve on traditional estimates, even judged by the criteria used by fair-value proponents.

Implementation Costs and Challenges of Fair Value

In addition to the conceptual issues discussed above, practical implementation issues represent a major barrier to fair value budgeting. Due to the difficulties and complexities involved in its implementation, fair value budgeting 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. While the components of market prices may be estimated, the degree of accuracy can vary widely. 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 the effects of policy changes on program costs. However, it is not clear that it is possible to develop guidance that could overcome the inherent problems identified above.

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

The Troubled Asset Relief Program (TARP) implemented a risk-adjusted cost estimate, similar to fair value, based on the direction in the Economic Emergency Stabilization Act of 2008. The Act provided Treasury permanent indefinite budget authority to fund administrative costs, 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. 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 re-estimates over time, raising the question of the value of the original fair value estimates.

Summary

Fair value cost estimates for Federal credit programs contain some elements that might be useful for benefit-cost analysis. Using fair value cost estimates in the budget, however, would represent a step backward from the methods in use today. Budget estimates for credit programs are more informative when they show the direct cost to the Government in an accurate and transparent manner, comparable to costing methodologies used for other federal programs, as opposed to other definitions of cost that depend on unobservable values. It is conceptually difficult to identify the uncertainty premium relevant to taxpayers, which differs in many cases from the uncertainty premium for private investors. Apart from conceptual issues, it would also be very costly and difficult to estimate fair value costs due to the paucity of historical data and limited relevance of market information.

For the purpose of improving the accuracy and transparency of budget estimates, it might be more effective and practical to explore improvements to FCRA estimates, like better modeling of interest rate and prepayment options, rather than exploring alternative measures. Alternatives to fair value budgeting to inform decision-making for credit programs should be evaluated—including greater investment in improving FCRA cost estimates, and strengthened cost-benefit analyses at the program level.

DIFFERENCES BETWEEN FCRA AND FAIR VALUE ESTIMATES

Some of the factors incorporated in fair value estimates are irrelevant or less relevant for the Federal government. Decomposing the difference between FCRA and fair value estimates can shed light on which factors are not equally relevant to taxpayers and private investors. (For a more detailed discussion, see pages 393-395 and 397-398 of the 2013 *Analytical Perspectives*.)

Time Preference (incorporated in both FCRA and fair value estimates). Time preference reflects the higher value that people give to money received now than to money received in the future. This factor is fully incorporated in both Treasury rates and comparable market rates.

Expected Loss from Default (incorporated in both FCRA and fair value estimates). Comparable market rates reflect the expected loss from default. Although Treasury rates do not reflect the expected loss from default, FCRA budgeting fully accounts for it by deducting expected amounts of default from future cash flows.

Uncertainty Premium (raises fair value costs relative to FCRA costs in most cases). The uncertainty premium, an extra expected return that investors demand as compensation for uncertain returns, is the crux of the debate over fair value estimates. While the expected losses associated with defaults are incorporated into both FCRA and fair value estimates, the additional uncertainty premium associated with variance in the loss rate is reflected in the comparable market rate but not in the Treasury rate because Treasury securities are considered to be free of default risk. Uncertainty about the loss rate may matter to taxpayers. However, uncertainty can be reduced or eliminated through diversification across assets and spreading among a large number of individuals. A possibility of a low return on an asset doesn't really increase risk if it can be offset by a high return on another asset, and uncertainty faced by each individual becomes insignificant when moderate uncertainty is spread among a large number of individuals. While the Federal government cannot completely diversify risk, it generally has greater ability to diversity (across activities, individuals, and generations) than any private actor. For this reason, the uncertainty premium relevant to taxpayers is generally lower than the uncertainty premium relevant to private investors, which is the premium incorporated in fair value estimates. The exact portion of the uncertainty premium relevant to taxpayers is complex to determine and may vary across programs.

Liquidity Premium (raises fair value costs relative to FCRA costs). 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 difference between comparable market rates and Treasury rates 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 (raises fair value costs relative to FCRA costs). 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. The extent to which it matters to taxpayers, however, is hard to determine.

Administrative Costs (included in fair value estimates; treated separately under current budget practices). 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. However, consistent with all other Federal administrative costs, administrative costs of running credit programs are provided on a cash basis, separate from the credit subsidy. Private lenders would build essential costs into their pricing. Administrative expenses would need to be estimated and removed from market rates for fair value estimates, which may be difficult. Data on private lender administrative costs is not readily available. Although administrative costs are relevant to both private investors and taxpayers, the amounts may not be the same for a variety of reasons, including different cost structures, levels of service and technical assistance. On the Federal side, it may also be difficult to tease out what costs are "essential" to the value of the loan, and which costs are discretionary policy choices given program goals.

Chart 20-1. Face Value of Federal Credit Outstanding

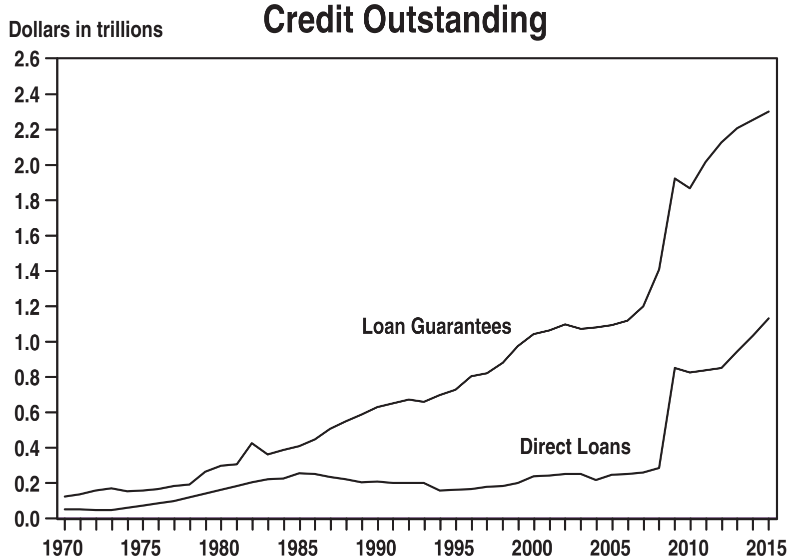


Table 20–2. ESTIMATED FUTURE COST OF OUTSTANDING DIRECT LOANS AND LOAN GUARANTEES
(In billions of dollars)

Program	Outstanding 2012	Estimated Future Costs of 2012 Outstanding[1]	Outstanding 2013	Estimated Future Costs of 2013 Outstanding[1]
Direct Loans:[2]				
Federal Student Loans	510	–17	623	–54
Education Temporary Student Loan Purchase Authority	95	–14	90	–13
Farm Service Agency, Rural Development, Rural Housing	53	10	53	6
Rural Utilities Service and Rural Telephone Bank	52	2	54	2
Troubled Asset Relief Program (TARP)[3]	40	24	18	6
State Housing Finance Authority Direct Loans	14	1	9	1
Export-Import Bank	13	2	18	2
Advance Technology Vehicle Manufacturing, Title 17 Loans	12	2	14	2
Housing and Urban Development	10	8	11	7
Disaster Assistance	8	2	8	2
Transportation Infrastructure Finance and Innovation Act Loans	5	*	7	*
Small Business Lending Fund (SBLF)[3]	4	–*	4	–*
Public Law 480	4	3	4	2
Agency for International Development	4	1	3	1
Other direct loan programs[3]	28	8	31	9
Total direct loans	852	32	947	–27
Guaranteed Loans:[2]				
FHA Mutual Mortgage Insurance Fund	1,118	43	1,142	32
Department of Veterans Affairs (VA) Mortgages	296	6	349	8
Federal Student Loan Guarantees	291	1	264	*
FHA General and Special Risk Insurance Fund	143	12	148	9
Farm Service Agency, Rural Development, Rural Housing	97	4	112	5
Small Business Administration (SBA) Business Loan Guarantees[4]	87	4	93	3
Export-Import Bank	57	2	62	2
International Assistance	21	2	21	2
Commodity Credit Corporation Export Loan Guarantees	5	*	5	*
Title 17 Loan Guarantees	3	*	3	*
Government National Mortgage Association (GNMA)[4]	......	*	......	*
Other guaranteed loan programs[3]	10	*	8	1
Total guaranteed loans	2,128	74	2,207	62
Total Federal credit	**2,980**	**105**	**3,154**	**35**

* $500 million or less.

[1]Future costs represent balance sheet estimates of allowance for subsidy cost, liabilities for loan guarantees, and estimated uncollectible principal and interest.

[2]Excludes loans and guarantees by deposit insurance agencies and programs not included under credit reform, such as Commodity Credit Corporation price supports. Defaulted guaranteed loans that result in loans receivable are included in direct loan amounts.

[3]As authorized by statute, table includes TARP and SBLF equity purchases, and International Monetary Fund (IMF) transactions resulting from the 2009 Supplemental Appropriations Act. Future costs for TARP and IMF transactions are calculated using the discount rate required by the Federal Credit Reform Act adjusted for market risks, as directed in legislation.

[4]To avoid double-counting, outstandings for GNMA and SBA secondary market guarantees and TARP FHA Letter of Credit program are excluded from the totals.

Table 20–3. DIRECT LOAN SUBSIDY RATES, BUDGET AUTHORITY, AND LOAN LEVELS, 2013–2015

(Dollars in millions)

Agency and Program	2013 Actual			2014 Enacted			2015 Proposed		
	Subsidy rate[1]	Subsidy budget authority	Loan levels	Subsidy rate[1]	Subsidy budget authority	Loan levels	Subsidy rate[1]	Subsidy budget authority	Loan levels
Agriculture:									
Agricultural Credit Insurance Fund Program Account	5.18	80	1,542	3.70	70	1,891	1.45	41	2,873
Farm Storage Facility Loans Program Account	–2.47	–6	244	–2.54	–9	320	–3.00	–10	320
Rural Electrification and Telecommunications Loans Program Account	–6.26	–319	5,106	–3.14	–176	5,590	–5.24	–298	5,690
Distance Learning, Telemedicine, and Broadband Program	9.47	8	89	13.07	6	44	18.20	8	46
Rural Water and Waste Disposal Program Account	8.07	71	877	–1.13	–14	1,240	–0.61	–7	1,200
Rural Community Facilities Program Account	–2.08	–28	1,343	–13.21	–291	2,200	–12.41	–273	2,200
Multifamily Housing Revitalization Program Account	57.38	8	14	45.56	9	21	55.93	48	87
Rural Housing Insurance Fund Program Account	7.61	67	891	4.35	45	1,029	11.24	54	473
Rural Microenterprise Investment Program Account	....	....	....	6.26	3	50	12.81	5	38
Rural Development Loan Fund Program Account	32.04	6	17	21.61	4	19	30.80	3	10
Rural Economic Development Loans Program Account	12.39	6	49	8.45	4	50	12.77	12	93
Commerce:									
Fisheries Finance Program Account	–4.72	–2	39	–7.50	–9	124	–4.39	–6	124
Defense—Military Programs:									
Defense Family Housing Improvement Fund	17.55	58	330	....	....	....	....	....	....
Education:									
College Housing and Academic Facilities Loans Program Account	6.29	13	215	3.09	19	303	5.94	20	340
TEACH Grant Program Account	11.01	13	119	13.75	15	106	16.53	18	108
Federal Perkins Loan Program Account	....	....	....	....	....	....	–17.67	–828	4,684
Federal Direct Student Loan Program Account	–19.75	–29,952	151,641	–15.71	–21,585	137,358	–10.22	–14,399	140,895
Energy:									
Title 17 Innovative Technology Loan Guarantee Program	....	....	....	[2]0.47	34	7,226	[2] 2.17	123	5,666
Advanced Technology Vehicles Manufacturing Loan Program Account	....	....	....	[2]25.42	4,220	16,602	....	....	....
Health and Human Services:									
Consumer Operated and Oriented Plan Program Account	41.37	122	294	....	....	....	....	....	....
Consumer Operated and Oriented Plan Program Contingency Fund	37.66	2	7	40.64	210	518	....	....	....
Homeland Security:									
Disaster Assistance Direct Loan Program Account	91.63	160	175	95.25	28	30	96.35	29	30
Housing and Urban Development:									
FHA-Mutual Mortgage Insurance Program Account	....	....	....	....	....	20	....	....	20
FHA-General and Special Risk Program Account	....	....	....	....	....	1	....	....	1
Emergency Homeowners' Relief Fund	97.71	4	4	....	....	....	....	....	....
State:									
Repatriation Loans Program Account	57.67	1	2	63.06	2	2	52.65	1	2
Transportation:									
TIFIA General Fund Program Account, Federal Highway Administration, Transportation	7.41	37	499	....	....	....	....	....	....
Federal-aid Highways	8.87	145	1,639	7.07	925	13,083	9.53	925	9,706
Railroad Rehabilitation and Improvement Program	....	....	....	....	....	600	....	....	600
Treasury:									
Community Development Financial Institutions Fund Program Account	–1.02	–4	338	[2]0.29	3	775	[2] 0.30	3	1,025
Veterans Affairs:									
Veterans Housing Benefit Program Fund	–2.29	*	2	–23.26	–51	220	–20.27	–68	331
Native American Veteran Housing Loan Program Account	–12.55	–1	7	–13.12	–2	14	–13.31	–2	14
International Assistance Programs:									
Overseas Private Investment Corporation Program Account	–8.45	–62	729	–4.28	–17	400	–3.74	–26	700

Table 20–3. DIRECT LOAN SUBSIDY RATES, BUDGET AUTHORITY, AND LOAN LEVELS, 2013–2015—Continued

(Dollars in millions)

Agency and Program	2013 Actual			2014 Enacted			2015 Proposed		
	Subsidy rate[1]	Subsidy budget authority	Loan levels	Subsidy rate[1]	Subsidy budget authority	Loan levels	Subsidy rate[1]	Subsidy budget authority	Loan levels
Small Business Administration:									
Disaster Loans Program Account	11.11	146	1,317	8.48	93	1,100	12.37	136	1,100
Business Loans Program Account	15.71	7	43	18.64	5	25	10.12	3	25
Export-Import Bank of the United States:									
Export-Import Bank Loans Program Account	–8.68	–597	6,874	–0.05	–2	5,020	–9.26	–278	3,000
National Infrastructure Bank:									
National Infrastructure Bank Program Account	....	....	....	....	....	....	[2]11.57	116	1,000
Total	**N/A**	**–30,017**	**174,446**	**N/A**	**–16,461**	**195,981**	**N/A**	**–14,650**	**182,401**

N/A = Not applicable
* Less than $500,000.
[1]Additional information on credit subsidy rates is available in the Federal Credit Supplement.
[2]Rate reflects notional estimate. Estimates will be determined at the time of execution, and will reflect the terms of the contracts and other characteristics.

Table 20–4. LOAN GUARANTEE SUBSIDY RATES, BUDGET AUTHORITY, AND LOAN LEVELS, 2013-2015

(Dollars in millions)

Agency and Program	2013 Actual			2014 Enacted			2015 Proposed		
	Subsidy rate[1]	Subsidy budget authority	Loan levels	Subsidy rate[1]	Subsidy budget authority	Loan levels	Subsidy rate[1]	Subsidy budget authority	Loan levels
Agriculture:									
Agricultural Credit Insurance Fund Program Account	0.40	10	2,398	0.40	14	3,650	0.34	12	3,543
Commodity Credit Corporation Export Loans Program Account	–1.10	–39	3,545	–1.17	–64	5,500	–1.11	–61	5,500
Rural Water and Waste Disposal Program Account	1.06	*	18	0.71	*	42	0.59	1	172
Rural Community Facilities Program Account	6.75	7	101	4.97	9	189	4.78	1	13
Rural Housing Insurance Fund Program Account	–0.25	–56	22,403	–0.14	–34	24,150	–0.58	–141	24,150
Rural Business Program Account	5.72	54	939	6.98	79	1,126	5.11	41	806
Rural Business Investment Program Account	....	....	....	....	....	....	10.19	4	39
Rural Energy for America Program	24.01	8	33	27.43	43	155	10.58	36	342
Biorefinery Assistance Program Account	....	....	....	41.43	131	315	40.32	50	124
Commerce:									
Economic Development Assistance Programs	....	....	....	....	....	....	15.60	5	32
Defense—Military Programs:									
Defense Family Housing Improvement Fund	14.71	69	471	....	....	....	....	....	....
Health and Human Services:									
Health Resources and Services	....	....	....	4.18	*	12	4.37	*	6
Housing and Urban Development:									
Indian Housing Loan Guarantee Fund Program Account	1.35	9	642	0.47	4	900	0.84	10	1,200
Native Hawaiian Housing Loan Guarantee Fund Program Account	0.50	*	25	0.53	*	25	0.62	*	25
Native American Housing Block Grant	10.91	2	16	12.10	3	25	11.21	3	27
Community Development Loan Guarantees Program Account	2.46	6	231	2.56	8	313	0.00	*	500
FHA-Mutual Mortgage Insurance Program Account	–6.83	–17,444	255,164	–6.63	–10,186	153,530	–8.10	–12,190	150,642
FHA-General and Special Risk Program Account	–4.29	–1,045	24,356	–3.86	–888	23,039	–4.22	–886	20,945
Interior:									
Indian Guaranteed Loan Program Account	5.53	4	73	5.75	4	70	6.64	4	70
Transportation:									
Minority Business Resource Center Program	1.73	*	3	1.76	*	18	2.27	*	18
Maritime Guaranteed Loan (Title XI) Program Account	....	....	....	10.35	64	626	9.25	8	85
Veterans Affairs:									
Veterans Housing Benefit Program Fund	–0.10	–135	134,859	–0.02	–22	112,026	0.27	249	92,070
International Assistance Programs:									
Loan Guarantees to Israel Program Account	....	....	....	....	....	1,909	....	....	1,905
MENA Loan Guarantee Program Account	....	....	....	9.75	122	1,250	....	....	....
Development Credit Authority Program Account	2.02	10	496	4.07	25	618	6.30	37	581
Overseas Private Investment Corporation Program Account	–12.51	–411	3,289	–5.85	–148	2,530	–5.60	–181	3,230
Small Business Administration:									
Disaster Loans Program Account	....	....	....	....	....	....	1.93	*	18
Business Loans Program Account	0.65	377	58,063	0.19	130	67,599	0.06	45	75,010
Export-Import Bank of the United States:									
Export-Import Bank Loans Program Account	–1.80	–368	20,466	–2.19	–568	25,915	–3.37	–1,163	34,557
National Infrastructure Bank:									
National Infrastructure Bank Program Account	....	....	....	....	....	....	[2]8.85	18	200
Total	**N/A**	**–18,942**	**527,591**	**N/A**	**–11,274**	**425,532**	**N/A**	**–14,098**	**415,810**

Table 20–4. LOAN GUARANTEE SUBSIDY RATES, BUDGET AUTHORITY, AND LOAN LEVELS, 2013-2015—Continued

(Dollars in millions)

Agency and Program	2013 Actual			2014 Enacted			2015 Proposed		
	Subsidy rate[1]	Subsidy budget authority	Loan levels	Subsidy rate[1]	Subsidy budget authority	Loan levels	Subsidy rate[1]	Subsidy budget authority	Loan levels
ADDENDUM: SECONDARY GUARANTEED LOAN COMMITMENT LIMITATIONS									
Government National Mortgage Association:									
Guarantees of Mortgage-backed Securities Loan Guarantee Program Account	–0.23	–1,068	460,373	–0.22	–542	246,500	–0.28	–832	297,000
Treasury:									
Troubled Asset Relief Program, Housing Programs[3]	2.48	5	183	....	....	....	....	....	....
Small Business Administration:									
Secondary Market Guarantee Program	....	....	4,490	....	....	12,000	....	....	12,000
Total, secondary guaranteed loan commitments	**N/A**	**–1,063**	**465,046**	**N/A**	**–542**	**258,500**	**N/A**	**–832**	**309,000**

N/A = Not applicable.

*Less than $500,000.

[1] Additional information on credit subsidy rates is available in the Federal Credit Supplement.

[2] Rate reflects notional estimate. Estimates will be determined at the time of execution, and will reflect the terms of the contracts and other characteristics.

[3] Amounts reflect the TARP FHA Refinance Letter of Credit Program. Subsidy costs for this program are calculated using the discount rate required by the Federal Credit Reform Act, adjusted for market risks, as directed in legislation.

Table 20–5. SUMMARY OF FEDERAL DIRECT LOANS AND LOAN GUARANTEES[1]

(In billions of dollars)

	Actual								Estimate	
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Direct loans:										
Obligations	57.8	42.5	75.6	812.9	246.0	296.3	191.1	174.4	196.0	182.4
Disbursements	46.6	41.7	41.1	669.4	218.9	186.7	170.0	157.5	156.8	165.7
New subsidy budget authority[2]	4.7	1.4	3.7	140.1	–9.2	–15.7	–27.2	–29.8	–16.5	–14.8
Reestimated subsidy budget authority[2, 3]	3.1	3.4	–0.8	–0.1	–125.1	–66.8	16.8	–19.7	–0.8	....
Total subsidy budget authority	**7.8**	**4.8**	**–1.3**	**140.0**	**–134.3**	**–82.5**	**–10.4**	**–49.4**	**–17.2**	**–14.8**
Loan guarantees:										
Commitments[4]	280.7	270.2	367.7	879.2	507.3	446.7	479.7	527.6	425.5	415.8
Lender disbursements[4]	256.0	251.2	354.6	841.5	494.8	384.1	444.3	491.5	373.0	352.9
New subsidy budget authority[2]	17.2	5.7	–1.4	–7.8	–4.9	–7.4	–6.9	–17.9	–10.7	–13.3
Reestimated subsidy budget authority[2, 3]	7.0	–6.8	3.6	0.5	7.6	–4.0	–4.9	20.8	1.2	....
Total subsidy budget authority	**24.2**	**–1.1**	**2.2**	**–7.2**	**2.8**	**–11.4**	**–11.8**	**2.8**	**–9.6**	**–13.3**

[1] As authorized by statute, table includes TARP and SBLF equity purchases and International Monetary Fund (IMF) transactions resulting from the 2009 Supplemental Appropriations Act.

[2] Credit subsidy costs for TARP and IMF transactions are calculated using the discount rate required by the Federal Credit Reform Act adjusted for market risks, as directed in legislation.

[3] Includes interest on reestimate.

[4] To avoid double-counting, the face value of GNMA and SBA secondary market guarantees and the TARP FHA Letter of Credit program are excluded from the totals.

21. FINANCIAL STABILIZATION EFFORTS AND THEIR BUDGETARY EFFECTS

In response to the financial crisis of 2008, the U.S. Government took unprecedented and decisive action to mitigate damage to the U.S. economy and financial markets. The Department of the Treasury, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, the Securities and Exchange Commission, and the Commodity Futures Trading Commission worked cooperatively to expand access to credit, strengthen financial institutions, restore confidence in U.S. financial markets, and stabilize the housing sector.

This chapter provides a report analyzing the cost and budgetary effects of the Treasury's Troubled Asset Relief Program (TARP), consistent with Sections 202 and 203 of the Emergency Economic Stabilization Act (EESA) of 2008 (P.L. 110–343), as amended. The cost estimates in this report analyze transactions as of November 30, 2013, and expected transactions as reflected in the budget and required under EESA. Where noted, a descriptive analysis of additional transactions that occurred after November 30, 2013 is provided. This chapter also includes an overview of the Wall Street Reform Act signed into law in 2010 and a summary of other key Government programs supporting economic recovery and financial market reforms.

TROUBLED ASSET RELIEF PROGRAM

The 2008 EESA authorized the Treasury to purchase or guarantee troubled assets and other financial instruments to restore liquidity and stability to the financial system of the United States while protecting taxpayers. Treasury has used its authority under EESA to restore confidence in U.S. financial institutions, to restart markets critical to financing American household and business activity, and to address housing market problems and the foreclosure crisis. Under EESA, TARP purchase authority was limited to $700 billion in obligations at any one time, as measured by the total purchase price paid for assets and guaranteed amounts outstanding. The Helping Families Save Their Homes Act of 2009 (P.L. 111-22) reduced total TARP purchase authority by $1.3 billion, and in July 2010, the Wall Street Reform Act further reduced total TARP purchase authority to a maximum of $475 billion in cumulative obligations.

On December 9, 2009, as authorized by EESA, the Secretary of the Treasury certified to Congress that an extension of TARP purchase authority until October 3, 2010, was necessary "to assist American families and stabilize financial markets because it will, among other things, enable us to continue to implement programs that address housing markets and needs of small businesses, and to maintain the capacity to respond to unforeseen threats." On October 3, 2010, the Treasury's authority to make new TARP commitments expired. The Treasury continues to manage existing investments and is authorized to expend previously committed TARP funds pursuant to obligations entered into prior to October 3, 2010.

Section 202 of EESA requires the Office of Management and Budget (OMB) to report the estimated cost of TARP assets purchased and guarantees issued pursuant to EESA. Consistent with statutory requirements, the 2015 Budget data presented in this report reflect revised subsidy costs for the TARP programs using actual performance and updated market information through November 30, 2013. Proceeds from sales of TARP-related financial assets occurring from November 30, 2013 to January 31, 2014 exceeded estimates and will ultimately lower lifetime deficit costs relative to the estimates provided in this report. For information on subsequent TARP program developments, please consult the Treasury Department's Troubled Asset Relief Program Monthly 105(a) Reports.

The Administration's current estimate of TARP's deficit cost for its $456.6 billion in cumulative obligations is $39.0 billion (see Tables 21–1 and 21–7). Section 123 of EESA requires TARP costs to be estimated on a net present value basis, adjusted to reflect a premium for market risk. As investments are liquidated, their actual costs (including any market risk effects) become known and are reflected in reestimates. It is likely that the total cost of TARP to taxpayers will eventually be lower than current estimates as the market risk premiums are returned, but the total cost will not be fully known until all TARP investments have been extinguished. (See Table 21–9 for an estimate of TARP subsidy costs stripped of the market-risk adjustment.)

A description of the market impact of TARP programs, followed by a detailed analysis of the assets purchased through TARP, is provided at the end of this report.

Method for Estimating the Cost of TARP Transactions

Under EESA, Treasury has purchased different types of financial instruments with varying terms and conditions. The budget reflects the costs of these instruments using the methodology as provided by Section 123 of EESA. The costs of equity purchases, loans, guarantees, and loss sharing under the FHA Refinance program are the net present value of cash flows to and from the Government over the life of the instrument, per the Federal Credit Reform Act (FCRA) of 1990 (2 U.S.C. 661 et seq.), with an adjustment to the discount rate for market risks. Costs for the incentive payments under TARP Housing programs, other than loss sharing under the FHA Refinance program, involve financial instruments without any provision for future returns and are recorded on a cash basis.[1]

The estimated costs of each transaction reflect the underlying structure of the instrument. TARP financial instruments include direct loans, structured loans, equity, loan guarantees, and direct incentive payments. For each of these instruments, cash flow models are used to estimate future cash flows to and from the Government over the life of a program or facility. Each cash flow model reflects the specific terms and conditions of the program, and technical assumptions regarding the underlying assets, risk of default or other losses, and other factors that may affect cash flows to and from the Government. For instruments other than direct incentive payments, projected cash flows are discounted using the appropriate Treasury rates, adjusted for market risks as prescribed under EESA. Risk adjustments to the discount rates are intended to capture a risk premium for uncertainty around future cash flows, and were made using available data and methods. Consistent with the requirement under FCRA to reflect the lifetime present value cost, subsidy cost estimates are reestimated every year an instrument is outstanding, with a final closing reestimate once an instrument is fully liquidated. Reestimates update the cost for actual transactions, and updated future expectations. When all investments in a given cohort are liquidated, their actual costs (including any market risk effects) become known and are reflected in final closing reestimates. The basic methods for each of these models are outlined below.

Direct Loans and Asset-Backed Securities

Direct loan cash flow models include the scheduled principal, interest, and other payments to the Government, including estimated income from warrants or additional notes. These models include estimates of delinquencies, default and recoveries, based on loan-specific factors including the value of any collateral provided by the contract. The probability and timing of default and recoveries are estimated using applicable historical data and econometric projections, where available, or publically available proxy data including aggregated credit rating agency historical performance data. Direct loans also include structured loans where an intermediary special purpose vehicle (SPV) was established to purchase or commit to purchase assets from beneficiaries such as under the Term Asset-Backed Loan Securities Loan Facility. TARP asset purchases are reflected as direct loans, with fees and repayments from the SPV, or other cashflows from the proceeds of any purchased assets. The model projects cash flows to and from the Government based on estimated SPV performance, the estimated mix of assets funded through the facility, the terms of the contracts, and other factors. Where the Government purchases securities backed by debt instruments, this is considered a direct loan because in purchasing the security, the Government is effectively stepping into the shoes of the lender, and providing the capital for the underlying loans. Repayments are derived from the principal and interest payments on the underlying loans, and are part of the forecast revenue stream.

Guarantees

Cost estimates for guarantees reflect the net present value of estimated claim payments by the Government, net of income from fees, recoveries on defaults, or other sources. Under EESA, asset guarantees provided through TARP had to be structured such that fees and other income completely offset estimated losses at the time of commitment. In TARP's Asset Guarantee Program, fees were paid in the form of preferred stock and termination fees.

Equity Purchases

Purchases of preferred stock result in dividends and other proceeds from such stock or other consideration, such as warrants. Cash flow projections reflect the risk of losses associated with adverse events, such as the failure of an institution, or other negative market movements. Estimated cash flows depend on the interest rate environment and the strength of a financial institution's assets —both of which affect the institution's decision to repurchase its stock, and the price expected if Treasury elects to sell the stock. The model also estimates the values and projects the cash flows of warrants using an option-pricing approach based on the current stock price and its volatility.

FHA Refinance Program

Under this program, the cost estimates reflect the present value of estimated claim payments made from the letter of credit (LOC) provider to the lenders of FHA-guaranteed loans, adjusted for market risks. Through the LOC agreement with Citigroup, Treasury is committed to make claim payments to private lenders to cover a portion of defaulted single-family mortgage debt obligations of non-Federal borrowers. Therefore, the program costs are estimated according to the principles of FCRA, with a risk adjustment to the discount rate as prescribed by EESA. The model projects TARP claim payments based on projected FHA Refinance volumes and net claim rates.

Other TARP Housing

Foreclosure mitigation incentive payments occur when the Government makes incentive payments to borrowers, servicers, and investors for certain actions such as: successful modifications of first and second liens, on-schedule borrower payments on those modified loans, protection against further declines in home prices, completing a short

[1] Section 123 of the EESA provides the Administration the authority to record TARP equity purchases pursuant to the FCRA, with required adjustments to the discount rate for market risks. The Making Home Affordable programs and HFA Hardest Hit Fund involve the purchase of financial instruments which have no provision for repayment or other return on investment, and do not constitute direct loans or guarantees under FCRA. Therefore these purchases are recorded on a cash basis. Administrative expenses are recorded for all of TARP under the Office of Financial Stability and the Special Inspector General for TARP on a cash basis, consistent with other Federal administrative costs, but are recorded separately from TARP program costs.

Table 21–1. CHANGE IN PROGRAMMATIC COSTS OF TROUBLED ASSET RELIEF ACTIONS
(In billions of dollars)

TARP Actions	2014 Budget		2015 Budget		Change from 2014 Budget to 2015 Budget	
	TARP Obligations[1]	Estimated Cost (+) / Savings (–)	TARP Obligations[1]	Estimated Cost (+) / Savings (–)	TARP Obligations[1]	Estimated Cost (+) / Savings (–)
Equity purchases	336.8	10.2	336.8	6.1	....	–4.1
Direct loans and asset-backed security purchases	77.5	17.4	76.2	16.6	–1.2	–0.9
Guarantees of troubled asset purchases[2]	5.0	–3.8	5.0	–3.9	....	–0.1
TARP housing programs[3]	38.5	37.6	38.5	37.5	–*	–0.1
Total programmatic costs[4]	**457.8**	**61.5**	**456.6**	**56.3**	**–1.2**	**–5.2**
Memorandum:						
Deficit impact with interest on reestimates[5]		***47.5***		***39.0***		***–8.5***

*$50 Million or less.
[1]TARP obligations are net of cancellations.
[2]The total assets supported by the Asset Guarantee Program were $301 billion.
[3]TARP obligations include FHA Refinance Letter of Credit first loss coverage of eligible FHA insured mortgages.
[4]Total programmatic costs of the TARP exclude interest on reestimates.
[5]The total deficit impact of TARP as of November 30, 2013 includes $17.43 billion in subsidy cost for TARP investments in AIG. Additional proceeds of $17.55 billion resulting from Treasury holdings of non-TARP shares in AIG are not included.

sale, or receiving a deed in lieu of foreclosure. The method for estimating these cash flows includes forecasting the total eligible loans, the timing of the loans entering into the program, loan characteristics, the overall participation rate in the program, the re-default rate, home price appreciation, and the size of the incentive payments. For the HFA Hardest-Hit Fund (HHF), the Government provides a cash infusion, similar to a grant, to the eligible entities of state Housing Financing Agencies (HFAs) to design and implement innovative programs to prevent foreclosures and bring stability to local housing markets. The estimated cash flows for the HHF are based on the program plans submitted by the HFAs and approved by Treasury.

TARP Program Costs and Current Value of Assets

This section provides the special analysis required under Sections 202 and 203 of EESA, including estimates of the cost to taxpayers and the budgetary effects of TARP transactions as reflected in the budget.[2] This section explains the changes in TARP costs, and includes alternative estimates as prescribed under EESA. It also includes a comparison of the cost estimates with previous estimates provided by OMB and by the Congressional Budget Office (CBO).

Table 21–1, above, summarizes the cumulative and anticipated activity under TARP, and the estimated lifetime budgetary cost reflected in the Budget, compared to estimates from the 2014 Budget. The direct impact of TARP on the deficit is projected to be $39.0 billion, down $8.5 billion from the $47.5 billion estimate in the 2014 Budget. The total programmatic cost represents the lifetime net present value cost of TARP obligations from the date of disbursement, which is now estimated to be $56.3 billion, excluding interest on reestimates.[3] The final subsidy cost of TARP is likely to be lower than the current estimate, because projected cashflows are discounted using a risk adjustment to the discount rate as required by EESA. This requirement adds a premium to current estimates of TARP costs on top of market and other risks already reflected in cash flows with the public. Over time, the risk premium for uncertainty on future estimated TARP cash flows is returned to the General Fund through subsidy reestimates, as actual cash flows are known. TARP's overall cost to taxpayers will not be fully known until all TARP investments are extinguished.

Current Value of Assets

The current value of future cash flows related to TARP transactions can also be measured by the balances in the program's non-budgetary credit financing accounts. Under the FCRA budgetary accounting structure, the net debt or cash balances in non-budgetary credit financing accounts at the end of each fiscal year reflect the present value of anticipated cashflows to and from the public.[4] Therefore, the net debt or cash balances reflect the expected present value of the asset or liability. Future collections from the public—such as proceeds from stock sales, or payments of principal and interest—are financial assets, just as future payments to the public are financial liabilities. The current year reestimates true-up assets and liabilities, setting the net debt or cash balance in the financing account equal to the present value of future cashflows.[5]

[2] The analysis does not assume the effects on net TARP costs of a recoupment proposal required by Section 134 of EESA.

[3] With the exception of the Making Home Affordable and HFA Hardest-Hit Fund programs, all the other TARP investments are reflected on a present value basis pursuant to the FCRA and the EESA.

[4] For example, to finance a loan disbursement to a borrower, a direct loan financing account receives the subsidy cost from the program account, and borrows the difference between the face value of the loan and the subsidy cost from the Treasury. As loan and interest payments from the public are received, the value is realized and these amounts are used to repay the financing account's debt to Treasury.

[5] For a full explanation of FCRA budgetary accounting, please see chapter 20, "Credit and Insurance," in this volume.

Table 21–2. TROUBLED ASSET RELIEF PROGRAM CURRENT VALUE[1]

(In billions of dollars)

	Actual					Estimate										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Financing Account Balances:																
Troubled Asset Relief Program Equity Purchase Financing Account	105.4	76.9	74.9	13.6	6.6	5.1	1.0	0.7	0.5	0.4	0.2	0.2	0.1	0.1	0.1	0.1
Troubled Asset Relief Program Direct Loan Financing Account	23.9	42.7	28.5	17.9	3.1	0.9	....	....	....	....	....	....	....	....	....	....
Troubled Assets Insurance Financing Fund Guaranteed Loan Financing Account	0.6	2.4	0.8	0.8	....	....	....	....	....	....	....	....	....	....	....	....
Troubled Assets Relief Program FHA Refinance Letter of Credit Financing Account	....	....	–*	–*	–*	–*	–*	–*	–*	–*	–*	–*	....	....	....	....
Total Financing Account Balances	**129.9**	**122.0**	**104.1**	**32.2**	**9.7**	**5.9**	**1.0**	**0.7**	**0.5**	**0.4**	**0.2**	**0.2**	**0.1**	**0.1**	**0.1**	**0.1**

*$50 million or less.

[1] Current value as reflected in the 2015 Budget. Amounts exclude housing activity under the Making Home Affordable program and the Hardest Hit Fund as these programs are reflected on a cash basis.

Table 21–2 shows the actual balances of TARP financing accounts as of November 30, 2013, and projected balances for each subsequent year through 2024.[6] Based on actual net balances in financing accounts at the end of 2009, the value of TARP assets totaled $129.9 billion. By the end of 2013, total TARP net asset value decreased to $9.7 billion, reflecting the realized value of TARP assets as repayments, primarily from large banks, and exceeding amounts TARP paid for financial assets. Estimates in 2014 and beyond reflect estimated TARP net asset values over time as of November 30, 2013, and all other anticipated transactions. The overall balance of the financing accounts is estimated to continue falling over the next few years, as TARP investments wind down.

no financing account balance as of the end of 2013. The FHA Refinance program reflects net cash balances, showing the reserves set aside to cover TARP's share of default claims for FHA Refinance mortgages over the 10-year letter of credit facility. These reserves are projected to fall as claims are paid and as the TARP coverage expires.

Where Table 21–2 displays the estimated value of TARP investments, guarantees, and loss share agreements over time, Table 21–3 shows the actual and estimated face value of outstanding TARP investments at the end of each year through 2015. For equity investments, the par value of Treasury's remaining investment is reflected. The outstanding amount of equity investments and direct loans decreased in 2013, as Treasury continued to wind down its

Table 21–3. TROUBLED ASSET RELIEF PROGRAM FACE VALUE OF TARP OUTSTANDING[1]

(In billions of dollars)

	Actual					Estimate	
	2009	2010	2011	2012	2013	2014	2015
Equity purchases	229.6	119.0	88.2	33.8	17.4	5.6	1.0
Direct loans and asset-backed security purchases	60.5	15.7	11.5	6.6	0.8	....	....
Guarantees of troubled assets	251.4	....	....	....	....	....	....
FHA Refinance Letter of Credit	....	....	0.1	0.3	0.5	0.5	0.4
Total Face Value of TARP Outstanding	**541.5**	**134.7**	**99.8**	**40.7**	**18.7**	**6.1**	**1.5**

[1] Table reflects face value of TARP outstanding direct loans, preferred stock equity purchases, guaranteed assets, and the face value of FHA Refinance mortgages supported by the TARP Letter of Credit. Transactions under the Making Home Affordable program and Hardest Hit Fund are reflected in the budget on a cash basis, and are not included here.

The value of TARP equity purchases reached a high of $105.4 billion in 2009, and has since declined significantly with the wind down of AIG funding and repayments from large financial institutions. The value of the TARP equity portfolio is anticipated to continue declining as participants repurchase stock and assets are sold. TARP direct loans are expected to be fully wound down by the beginning of 2015. The Asset Guarantee Program concluded with the February 2013 liquidation of trust preferred shares Treasury received from the FDIC, following termination of the guarantee on Citigroup assets and shows equity investments and receive repayments on outstanding loans. Under FCRA, the total outstanding reflects the full face value of loans supported by a Federal guarantee, any portion of which may be guaranteed. TARP's liability under the Asset Guarantee Program was only a fraction of the face value of the underlying loans (see Table 21–6), and was extinguished with the termination of the Citibank guarantee in 2009. Likewise, while TARP supports nearly $0.5 billion in FHA Refinance mortgages by the letter of credit facility, the TARP's estimated liability is much lower (including $25 million set aside for administrative fees). The TARP coverage ratio or share of default losses was 15.17 percent in 2012 and 9.82 percent in 2013 for covered FHA Short Refinancing loans. The overall out-

[6] Reestimates for TARP are calculated using actual data through November 30, 2013, and updated projections of future activity. Thus, the full impacts of TARP reestimates are reflected in the 2014 financing account balances.

standing face value of mortgages supported by the FHA Refinance Letter of Credit reached $0.5 billion in 2013. Currently it is not anticipated that additional guarantees will require TARP loss coverage after 2013 because FHA's premium collections are sufficient to cover estimated claim costs, though a reserve is maintained to support the program through December 31, 2014.[7] The face value of TARP FHA Refinance Letter of Credit instruments in Table 21–3 does not include FHA Refinancing guarantees after 2013 that do not need TARP loss coverage.

Estimate of the Deficit, Debt Held by the Public, and Gross Federal Debt, Based on the EESA Methodology

The estimates of the deficit and debt in the budget reflect the impact of TARP as estimated under FCRA and Section 123 of EESA. The deficit estimates include the budgetary costs for each program under TARP, administrative expenses, certain indirect interest effects of credit programs, and the debt service cost to finance the program. As shown in Table 21-4, direct activity under the TARP is expected to decrease the 2014 deficit by $2.6 billion. This reflects estimated TARP housing outlays of $5.2 billion, offset by $8.1 billion in downward reestimates on TARP investments, including interest on reestimates. The estimates of U.S. Treasury debt attributable to TARP include borrowing to finance both the deficit impacts of TARP activity and the cash flows to and from the Government reflected as a means of financing in the TARP financing accounts. Estimated debt due to TARP at the end of 2014 is $23.8 billion.

Debt held by the public net of financial assets reflects the cumulative amount of money the Federal Government has borrowed from the public for the program and not repaid, minus the current value of financial assets acquired with the proceeds of this debt, such as loan assets, or equity held by the Government. While debt held by the public is one useful measure for examining the impact of TARP, it provides incomplete information on the program's effect on the Government's financial condition. Debt held by the public net of financial assets provides a more complete picture of the U.S. Government's financial position because it reflects the net change in the government's balance sheet due to the program.

Debt net of financial assets due to the TARP program is estimated to be $17.9 billion as of the end of 2014. This is $16.4 billion lower than the projected 2014 debt held net of financial assets reflected in the 2014 Budget. However, debt net of financial assets is anticipated to increase annually starting in 2014, as debt is incurred to finance TARP housing costs and debt service.

In 2014, Table 21–4 shows total TARP activity including interest effects and administrative costs, reducing the deficit by $2.6 billion. Financing account interest transactions are estimated to be roughly $2 billion. Under FCRA, the financing account earns and pays interest on its Treasury borrowings at the same rate used to discount cash flows for the credit subsidy cost. Section 123 of EESA requires an adjustment to the discount rate used to value TARP subsidy costs, to account for market risks. However, actual cash flows as of September 30, 2013, already reflect the effect of any incurred market risks to that point, and therefore actual financing account interest transactions reflect the FCRA Treasury interest rates, with no additional risk adjustment.[8] Future cash flows reflect a risk adjusted discount rate and the corresponding financing account interest rate, consistent with the EESA requirement. For on-going TARP credit programs, the risk adjusted discount rates on future cash flows result in subsidy costs that are higher than subsidy costs estimated under FCRA.

Estimates on a Cash Basis

The value to the Federal Government of the assets acquired through TARP is the same whether the costs of acquiring the assets are recorded in the budget on a cash basis, or a credit basis. As noted above, the budget records the cost of equity purchases, direct loans, and guarantees as the net present value cost to the Government, discounted at the rate required under the FCRA and adjusted for market risks as required under Section 123 of EESA. Therefore, the net present value cost of the assets is reflected on-budget, and the gross value of these assets is reflected in the financing accounts.[9] If these purchases were instead presented in the budget on a cash basis, the budget would reflect outlays for each disbursement (whether a purchase, a loan disbursement, or a default claim payment), and offsetting collections as cash is received from the public, with no obvious indication of whether the outflows and inflows leave the Government in a better or worse financial position, or what the net value of the transaction is.

Revised Estimate of the Deficit, Debt Held by the Public, and Gross Federal Debt Based on the Cash-basis Valuation

Estimates of the deficit and debt under TARP transactions calculated on a cash basis are reflected in Table 21–5, for comparison to those estimates in Table 21–4 reported above in which TARP transactions are calculated consistent with FCRA and Section 123 of EESA.

If TARP transactions were reported on a cash basis, the annual budgetary effect would include the full amount of government disbursements for activities such as equity purchases and direct loans, offset by cash inflows from dividend payments, redemptions, and loan repayments occurring in each year. For loan guarantees, the deficit would show fees, claim payouts, or other cash transac-

[7] Changes to the FHA program fee structure were sufficient to cover anticipated losses on new guarantees beginning in 2013. As a result, TARP first-loss coverage is not provided for FHA Short Refi loans after the revised fee structure was implemented.

[8] As TARP transactions wind down, the final lifetime cost estimates under the requirements of Section 123 of EESA will reflect no adjustment to the discount rate for market risks, as these risks have already been realized in the actual cash flows. Therefore, the final subsidy cost for TARP transactions will equal the cost per FCRA, where the net present value costs are estimated by discounting cashflows using Treasury rates.

[9] For the Making Home Affordable programs and the HFA Hardest Hit Fund, Treasury's purchase of financial instruments does not result in the acquisition of an asset with potential for future cash flows, and therefore are recorded on a cash basis.

Table 21–4. TROUBLED ASSET RELIEF PROGRAM EFFECTS ON THE DEFICIT AND DEBT[1]

(Dollars in billions)

	Actual					Estimate										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Deficit Effect:																
Programmatic and administrative expenses:																
Programmatic expenses:																
Equity purchases	115.3	8.4	19.1	1.0	–*	....	....	....	....	....	....	....	....	....	....	....
Direct loans and purchases of asset-backed securities	36.9	–0.9	–0.3	–0.1	–0.1	–*	....	....	....	....	....	....	....	....	....	....
Guarantees of troubled asset purchases	–1.0	–1.4	....	....	–0.1	....	....	....	....	....	....	....	....	....	....	....
TARP housing programs	*	0.5	1.9	3.1	3.9	5.2	6.2	5.2	5.2	3.0	1.5	1.5	0.4	....	....	....
Reestimates of credit subsidy costs	....	–116.5	–58.5	20.3	–12.6	–8.1	....	....	....	....	....	....	....	....	....	....
Subtotal, programmatic expenses	151.2	–109.9	–37.7	24.3	–8.8	–3.0	6.2	5.2	5.2	3.0	1.5	1.5	0.4	....	....	....
Administrative expenses	0.1	0.2	0.4	0.3	0.2	0.4	0.2	0.1	0.1	0.1	*	*	*	*	....	....
Special Inspector General for TARP	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Subtotal, programmatic & administrative expenses	151.3	–109.6	–37.3	24.6	–8.5	–2.6	6.4	5.4	5.3	3.1	1.6	1.6	0.4	*	*	*
Interest effects:																
Interest transactions with credit financing accounts[2]	–2.8	–4.7	–3.0	–1.6	–0.6	–2.0	–0.2	–0.1	–0.1	–*	–*	–*	–*	–*	–*	–*
Debt service[3]	2.8	4.7	3.0	1.7	0.6	2.0	0.2	0.3	0.7	1.2	1.6	1.8	1.9	2.0	2.0	2.1
Subtotal, interest effects	*	*	*	*	*	–0.1	–*	0.3	0.7	1.2	1.6	1.7	1.9	2.0	2.0	2.1
Total deficit impact	**151.3**	**–109.6**	**–37.3**	**24.7**	**–8.5**	**–2.6**	**6.4**	**5.6**	**6.0**	**4.3**	**3.1**	**3.3**	**2.3**	**2.0**	**2.1**	**2.2**
Other TARP transactions affecting borrowing from the public — net disbursements of credit financing accounts:																
Troubled Asset Relief Program Equity Purchase Financing Account	105.4	–28.5	–2.0	–61.3	–7.0	–1.5	–4.1	–0.3	–0.2	–0.1	–0.2	–0.1	–*	–*	–*	–*
Troubled Asset Relief Program Direct Loan Financing Account	23.9	18.8	–14.2	–10.6	–14.8	–2.2	–0.9	....	....	....	....	....	....	....	....	....
Troubled Assets Insurance Financing Fund Guaranteed Loan Financing Account	0.6	1.8	–1.6	–*	–0.8	....	....	....	....	....	....	....	....	....	....	....
Troubled Assets Relief Program FHA Refinance Letter of Credit Financing Account	....	....	–*	–*	–*	*	*	*	*	*	*	*	*	....	....	....
Total, other transactions affecting borrowing from the public	129.9	–7.9	–17.8	–71.9	–22.5	–3.8	–5.0	–0.3	–0.2	–0.1	–0.2	–0.1	–*	–*	–*	–*
Change in debt held by the public	**281.2**	**–117.5**	**–55.1**	**–47.2**	**–31.0**	**–6.4**	**1.4**	**5.3**	**5.8**	**4.2**	**3.0**	**3.2**	**2.3**	**2.0**	**2.1**	**2.1**
Debt held by the public	**281.2**	**163.6**	**108.5**	**61.3**	**30.3**	**23.8**	**25.3**	**30.6**	**36.4**	**40.6**	**43.6**	**46.8**	**49.1**	**51.1**	**53.1**	**55.3**
As a percent of GDP	2.0	1.1	0.7	0.4	0.2	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Debt held by the public net of financial assets:																
Debt held by the public	281.2	163.6	108.5	61.3	30.3	23.8	25.3	30.6	36.4	40.6	43.6	46.8	49.1	51.1	53.1	55.3
Less financial assets net of liabilities — credit financing account balances:																
Troubled Assets Relief Program Equity Purchase Financing Account	105.4	76.9	74.9	13.6	6.6	5.1	1.0	0.7	0.5	0.4	0.2	0.2	0.1	0.1	0.1	0.1
Troubled Asset Relief Program Direct Loan Financing Account	23.9	42.7	28.5	17.9	3.1	0.9	....	....	....	....	....	....	....	....	....	....
Troubled Assets Insurance Financing Fund Guaranteed Loan Financing Account	0.6	2.4	0.8	0.8	....	....	....	....	....	....	....	....	....	....	....	....
Troubled Assets Relief Program FHA Refinance Letter of Credit Financing Account	....	....	–*	–*	–*	–*	–*	–*	–*	–*	–*	–*	....	....	....	....
Total, financial assets net of liabilities	129.9	122.0	104.1	32.2	9.7	5.9	1.0	0.7	0.5	0.4	0.2	0.2	0.1	0.1	0.1	0.1
Debt held by the public net of financial assets	**151.3**	**41.6**	**4.4**	**29.0**	**20.5**	**17.9**	**24.3**	**29.9**	**35.9**	**40.2**	**43.4**	**46.7**	**49.0**	**51.0**	**53.1**	**55.2**
As a percent of GDP	1.0	0.3	0.0	0.2	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2

*$50 million or less.

[1]Table reflects the deficit effects of the TARP program, including administrative costs and interest effects.

[2]Projected Treasury interest transactions with credit financing accounts are based on the market-risk adjusted rates. Actual credit financing account interest transactions reflect the appropriate Treasury rates under the FCRA.

[3]Includes estimated debt service effects of all TARP transactions that affect borrowing from the public.

Table 21–5. TROUBLED ASSET RELIEF PROGRAM EFFECTS ON THE DEFICIT AND DEBT CALCULATED ON A CASH BASIS[1]

(Dollars in billions)

	Actual					Estimate										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Deficit Effect:																
Programmatic and administrative expenses:																
Programmatic expenses:																
Equity purchases	217.6	–121.9	–36.8	–47.2	–16.4	–9.3	–4.2	–0.4	–0.3	–0.1	–0.2	–0.1	–0.1	–*	–*	–*
Direct loans and purchases of asset-backed securities	61.1	–1.0	–21.3	–5.0	–18.4	–4.6	–1.0	....	....	....	....	....	....	....	....	....
Guarantees of troubled asset purchases	–0.5	–0.3	–2.3	–*	–1.1	....	....	....	....	....	....	....	....	....	....	....
TARP housing programs	*	0.5	1.9	3.1	3.9	5.2	6.2	5.2	5.2	3.0	1.5	1.5	0.4	....	....	....
Subtotal, programmatic expenses	278.3	–122.6	–58.6	–49.2	–31.9	–8.8	1.0	4.8	4.9	2.9	1.3	1.4	0.3	–*	–*	–*
Administrative expenses	0.1	0.2	0.4	0.3	0.2	0.4	0.2	0.1	0.1	0.1	*	*	*	*	....	....
Special Inspector General for TARP	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Subtotal, programmatic & administrative expenses	278.4	–122.3	–58.1	–48.9	–31.6	–8.4	1.3	5.0	5.1	3.0	1.4	1.5	0.4	*	*	*
Debt service[2]	2.8	4.7	3.0	1.7	0.6	2.0	0.2	0.3	0.7	1.2	1.6	1.8	1.9	2.0	2.0	2.1
Total deficit impact	**281.2**	**–117.5**	**–55.1**	**–47.2**	**–31.0**	**–6.4**	**1.4**	**5.3**	**5.8**	**4.2**	**3.0**	**3.2**	**2.3**	**2.0**	**2.1**	**2.1**
Change in debt held by the public	**281.2**	**–117.5**	**–55.1**	**–47.2**	**–31.0**	**–6.4**	**1.4**	**5.3**	**5.8**	**4.2**	**3.0**	**3.2**	**2.3**	**2.0**	**2.1**	**2.1**
Debt held by the public	**281.2**	**163.6**	**108.5**	**61.3**	**30.3**	**23.8**	**25.3**	**30.6**	**36.4**	**40.6**	**43.6**	**46.8**	**49.1**	**51.1**	**53.1**	**55.3**
As a percent of GDP	2.0	1.1	0.7	0.4	0.2	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Debt Held by the Public Net of Financial Assets:																
Debt held by the public	281.2	163.6	108.5	61.3	30.3	23.8	25.3	30.6	36.4	40.6	43.6	46.8	49.1	51.1	53.1	55.3
Less financial assets net of liabilities — credit financing account balances:																
Troubled Asset Relief Program Equity Purchase Financing Account	105.4	76.9	74.9	13.6	6.6	5.1	1.0	0.7	0.5	0.4	0.2	0.2	0.1	0.1	0.1	0.1
Troubled Asset Relief Program Direct Loan Financing Account.	23.9	42.7	28.5	17.9	3.1	0.9	....	....	....	....	....	....	....	....	....	....
Troubled Assets Insurance Financing Fund Guaranteed Loan Financing Account.	0.6	2.4	0.8	0.8	....	....	....	....	....	....	....	....	....	....	....	....
FHA Refinance Letter of Credit Financing Account	....	....	–*	–*	–*	–*	–*	–*	–*	–*	–*	–*	....	....	....	....
Total, financial assets net of liabilities	129.9	122.0	104.1	32.2	9.7	5.9	1.0	0.7	0.5	0.4	0.2	0.2	0.1	0.1	0.1	0.1
Debt held by the public net of financial assets	**151.3**	**41.6**	**4.4**	**29.0**	**20.5**	**17.9**	**24.3**	**29.9**	**35.9**	**40.2**	**43.4**	**46.7**	**49.0**	**51.0**	**53.1**	**55.2**
As a percent of GDP	1.0	0.3	0.0	0.2	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2

*$50 million or less.

[1] Table reflects deficit effect of budgetary costs, substituting estimates calculated on a cash basis for estimates calculated under FCRA and Sec. 123 of EESA.

[2] Includes estimated debt service effects of all TARP transactions affecting borrowing from the public.

tions associated with the guarantee as they occurred. Updates to estimates of future performance would affect the deficit in the year that they occur, and there would not be credit reestimates.

Under cash reporting, TARP would decrease the deficit in 2014 by an estimated $6.4 billion, so the 2014 deficit would be $3.8 billion lower if TARP were reflected on a cash basis than the estimate in the Budget. The deficit would be lower because repayments and proceeds of sales that are now included in non-budgetary financing accounts for TARP would be reflected as offsetting receipts when they occur. Under FCRA, the marginal change in the present value attributable to better-than-expected future inflows from the public would be recognized up front in a downward reestimate, in contrast with a cash-based treatment that would show the annual marginal changes in cash flows. However, the impact of TARP on the Federal debt, and on debt held net of financial assets, is the same on a cash basis as under FCRA.

Portion of the Deficit Attributable to TARP, and the Extent to Which the Deficit Impact is Due to a Reestimate

Table 21–4 shows the portion of the deficit attributable to TARP transactions. The largest changes in the overall TARP effects on the deficit are the result of reestimates of TARP activity outstanding as of September 30, 2013, and November 30, 2013. The specific effects are as follows:

- TARP reestimates and interest on reestimates will decrease the deficit by $8.1 billion in 2014, including $4.2 billion in decreased subsidy costs for TARP programs, and $3.9 billion in interest on reestimates.
- Outlays for the TARP Housing Programs are estimated at $5.2 billion in 2014, which includes payments under the MHA program and Hardest Hit

Table 21–6. TROUBLED ASSET RELIEF PROGRAM REESTIMATES
(Dollars in billions)

TARP Program and Cohort Year	Original subsidy rate	Current reestimate rate	Current reestimate amount	Net lifetime reestimate amount, excluding interest	TARP disbursements as of 11/30/2013
Equity Programs:					
Automotive Industry Financing Program (Equity):					
2009	54.52%	13.45%	–3.9	–4.7	12.5
2010	30.25%	–16.78%	–0.9	–1.6	3.8
Capital Purchase Program:					
2009	26.99%	–6.76%	–1.0	–65.7	204.6
2010	5.77%	5.71%	–*	–*	0.3
AIG Investments:					
2009	82.78%	21.88%	....	–38.5	67.8
Legacy Securities Public-Private Investment Program:					
2009	34.62%	–20.41%	....	–0.3	0.7
2010	22.97%	–51.11%	–0.5	–3.7	5.5
Targeted Investment Program:					
2009	48.85%	–8.47%	....	–23.2	40.0
Community Development Capital Initiative:					
2010	48.06%	21.07%	–*	–0.1	0.6
Subtotal equity program reestimates			**–6.3**	**–137.1**	**335.8**
Structured and Direct Loan Programs:					
Automotive Industry Financing Program (AIFP)					
2009	58.75%	21.43%	–1.8	–20.0	63.4
Legacy Securities Public-Private Investment Program:					
2009	–2.52%	–0.29%	....	*	1.4
2010	–10.85%	1.84%	–*	1.3	11.0
Small Business Lending Initiative 7(a) purchases:					
2010	0.48%	–1.35%	....	–*	0.4
Term-Asset Backed Securities Loan Facility[1]:					
2009	–104.23%	–577.50%	–*	–0.4	0.1
Subtotal direct loan program reestimates			**–1.8**	**–19.0**	**76.2**
Guarantee Programs:					
Asset Guarantee Program[2]:					
2009	–0.25%	–1.20%	....	–1.4	301.0
FHA Refinance Letter of Credit:					
2011	1.26%	0.90%	–*	–*	0.1
2012	4.00%	3.18%	–*	–*	0.2
2013	2.48%	2.57%	*	*	0.2
Subtotal guarantee program reestimates			–*	–1.3	301.5
Total TARP Reestimates			**–8.1**	**–157.5**	**713.6**

*$50 million or less.

[1]The Term-Asset Backed Securities Loan Facility 2009 subsidy rate reflects the anticipated collections for Treasury's $20 billion commitment, as a percent of estimated lifetime disbursements of roughly $0.1 billion.

[2]Disbursement amount reflects the face value of guarantees of assets supported by the guarantee. The TARP obligation for this program was $5 billion, the maximum contingent liability while the guarantee was in force.

Fund. Outlays for the TARP Housing Program are estimated to decline gradually through 2020.

- Administrative outlays for TARP are estimated at $353 million in 2014, and expected to decrease annually thereafter as TARP winds down through 2024. Costs for the Special Inspector General for TARP are estimated at $46 million in 2015, and are expected to remain relatively stable through 2024.
- Interest transactions with credit financing accounts include interest paid to Treasury on borrowing by the financing accounts, offset by interest paid by Treasury on the financing accounts' uninvested balances. Although the financing accounts are non-budgetary, Treasury payments to these accounts and receipt of interest from them are budgetary transac-

Table 21–7. DETAILED TARP PROGRAM LEVELS AND COSTS
(In billions of dollars)

Program	2014 Budget		2015 Budget	
	TARP Obligations	Subsidy Costs	TARP Obligations	Subsidy Costs
Equity Purchases:				
Capital Purchase Program	204.9	–7.7	204.9	–8.3
AIG Investments	67.8	18.1	67.8	17.4
Targeted Investment Program	40.0	–3.6	40.0	–3.6
Automotive Industry Financing Program (AIFP)	16.3	5.3	16.3	3.0
Public-Private Investment Program - Equity	7.2	–2.0	7.2	–2.5
Community Development Capital Initiative.	0.6	0.2	0.6	0.1
Subtotal equity purchases	336.8	10.2	336.8	6.1
Direct Loan Programs:				
Automotive Industry Financing Program (AIFP)	63.4	17.7	63.4	17.0
Term Asset-Backed Securities Loan Facility (TALF)	0.1	–0.5	0.1	–0.5
Public-Private Investment Program - Debt	13.6	0.2	12.4	0.1
Small Business 7(a) Program	0.4	*	0.4	*
Subtotal direct loan programs	77.5	17.4	76.2	16.6
Guarantee Programs under Section 102:				
Asset Guarantee Program[1]	5.0	–3.8	5.0	–3.9
Subtotal asset guarantees	5.0	–3.8	5.0	–3.9
TARP Housing Programs:				
Making Home Affordable (MHA) Programs	29.9	29.9	29.9	29.9
Hardest Hit Fund	7.6	7.6	7.6	7.6
Subtotal non-credit programs	37.5	37.5	37.5	37.5
FHA Refinance Letter of Credit[2]	1.0	0.1	1.0	*
Subtotal TARP housing programs	38.5	37.6	38.5	37.5
Totals	**457.8**	**61.5**	**456.6**	**56.3**
Memorandum:				
Interest on reestimates[3]		–13.9		–17.2
Deficit impact with interests on reestimates		47.5		39.0

*$50 million or less

[1]The total assets supported by the Asset Guarantee Program were $301 billion.

[2]TARP obligations under the FHA Refinance Letter of Credit provide first loss coverage of eligible FHA insured mortgages.

[3]Total programmatic costs of the TARP exclude interest on reestimates of $13.9 billion in the 2014 Budget and $17.2 billion in the 2015 *Budget. Interest* on reestimates is an adjustment that accounts for the time between the original subsidy costs and current estimates; such adjustments impact the deficit but are not direct programmatic costs.

tions and therefore affect net outlays and the deficit. For TARP financing accounts, projected interest transactions are based on the market risk adjusted rates used to discount the cash flows. The projected net financing account interest paid to Treasury at market risk adjusted rates is $2.0 billion in 2014 and declines over time as the financing accounts repay borrowing from Treasury through investment sale proceeds and repayments on TARP equity purchases and direct loans.

The full impact of TARP on the deficit includes the estimated cost of Treasury borrowing from the public—debt service—for the outlays listed above. Debt service is estimated at $2.0 billion for 2014 (as shown in Table 21–4), and then expected to increase to $2.1 billion by 2024, largely due to outlays for TARP housing programs. Total debt service will continue over time after the TARP winds down, due to the financing of past TARP costs.

Analysis of TARP Reestimates

The costs of outstanding TARP assistance are reestimated annually by updating cash flows for actual experience and new assumptions, and adjusting for any changes by either recording additional subsidy costs (an upward technical and economic reestimate) or by reducing subsidy costs (a downward reestimate). The reestimated dollar amounts to be recorded in 2014 reflect TARP disbursements through November 30, 2013, while reestimated subsidy rates reflect the full lifetime costs, including anticipated future disbursements. Detailed information on upward and downward reestimates to program costs is reflected in Table 21–6.

The current reestimate reflects a significant decrease in estimated TARP costs from the 2014 Budget. This decrease was due in large part to improved market conditions and significant progress winding down TARP investments over the past year.

Table 21–8. COMPARISON OF OMB AND CBO TARP COSTS
(In billions of dollars)

Program	Estimates of Deficit Impact[1]	
	CBO Cost Estimate[2]	OMB Cost Estimate
Capital Purchase Program	–17	–16
Targeted Investment Program & Asset Guarantee Program	–8	–8
AIG Assistance	15	15
Automotive Industry Financing Program	17	14
Term Asset-Backed Securities Loan Facility	*	–1
Other Programs[3]	–2	–3
TARP Housing Programs	16	37
Total	**21**	**39**

*Amounts round to less than $1 billion.
[1]Totals include interest on reestimates.
[2]CBO estimates from May 2013, available online at *http://www.cbo.gov/sites/default/files/cbofiles/attachments/44256_TARP.pdf*
[3]"Other Programs" reflects an aggregate cost for PPIP (debt and equity purchases), CDCI, and small business programs. In previous budgets, other programs included AGP.

Differences Between Current and Previous OMB Estimates

As shown in Table 21–7, the Budget reflects a total TARP deficit impact of $39.0 billion before administrative costs and interest effects. This is a decrease of $8.5 billion from the 2014 Budget projection of $47.5 billion.

The estimated TARP deficit impact reflected in 21–7 differs from the subsidy cost of $56.3 billion in the Budget because the deficit impact includes subsidy cost and $17.2 billion in cumulative downward adjustments for interest on reestimates. See footnote 3 in Table 21–7.

Differences Between OMB and CBO Estimates

Table 21–8 compares the OMB estimate for TARP's deficit impact against the deficit impact estimated by the Congressional Budget Office in its "Report on the Troubled Asset Relief Program—May 2013."[10]

CBO estimates the total cost of TARP at $21 billion, based on estimated lifetime TARP disbursements of $428 billion. The Budget reflects current estimates of roughly $456.6 billion in program obligations, and total deficit impact of $39 billion, including interest on reestimates. Differences in the estimated cost of the TARP Housing programs, which stem from divergent demand and participation rate assumptions, are the main difference between OMB and CBO cost estimates. The CBO projects $16 billion in total TARP Housing expenditures, while the Budget reflects a $37 billion estimate. CBO and OMB cost estimates for the Capital Purchase Program are $1 billion apart because of different assumptions for the remaining institutions with investments in the program. Similarly, CBO and OMB cost estimates for the Automotive Industry Financing Program are $3 billion apart due to different assumptions for the future performance of equity investments in the program.

Differences Between EESA and FCRA Cost Estimates

EESA directs that for asset purchases and guarantees under TARP, the cost is determined pursuant to the FCRA, except that the discount rate is adjusted for market risks. EESA's directive to adjust the FCRA discount rate for market risks effectively assumes higher losses on these transactions than those estimated under FCRA guidelines, which require that Treasury rates be used to discount expected cashflows. In implementing this requirement of EESA, the market risk adjustment is intended to capture the cost of the extra return on investment that a private investor would seek in compensation for uncertainty surrounding risks of default and other losses reflected in the cashflows.

Table 21–9 compares the subsidy costs and subsidy rates of TARP programs discounted at the Treasury rate adjusted for market risk (EESA), and discounted at the unadjusted Treasury rate (FCRA) using 2015 Budget estimated cashflows with the public. Now that the bulk of TARP financial assets have wound down, removing the market risk adjustment from the discount rate for TARP direct, guaranteed, and equity programs (excluding housing programs) decreases subsidy costs by only 2.7 percent ($0.5 billion) from current estimates. Programs that have fully wound down reflect no difference between the EESA and FCRA estimates, as there are no future cashflows that would be discounted using a risk-adjusted rate under EESA. The share price of common stock is inherently adjusted for market risk and, therefore, there is no additional market risk adjustment necessary for the EESA directive. As a result, there is no difference in the cost of the Automotive Industry Financing Program between values calculated using the Treasury and risk adjusted rate. The non-credit TARP Housing programs are reflected on a cash basis and, therefore, costs are not discounted, which is why there is no difference in the subsidy cost estimate. Using November 30, 2013, valuations, TARP investments discounted at a risk adjusted rate will cost an estimated

[10] Available at: *http://www.cbo.gov/sites/default/files/cbofiles/attachments/44256_TARP.pdf*

Table 21–9. COMPARISON OF EESA AND FCRA TARP SUBSIDY COSTS
(In billions of dollars)

Program	TARP Obligations	Subsidy Cost	
		EESA	FCRA
TARP Equity and Direct Loans:			
Capital Purchase Program	204.9	–8.3	–8.7
Targeted Investment Program	40.0	–3.6	–3.6
Asset Guarantee Program [1]	5.0	–3.9	–3.9
Community Development Capital Initiative	0.6	0.1	0.1
Term Asset-Backed Securities Loan Facility	0.1	–0.5	–0.5
Small Business 7(a) Program	0.4	–*	–*
Public Private Investment Program [2]	19.6	–2.4	–2.4
AIG Investments	67.8	17.4	17.4
Automotive Industry Financing Program [2]	79.7	20.0	20.0
Subtotal TARP equity and direct loans	418.1	18.8	18.3
TARP Housing Programs:			
Making Home Affordable Programs [3]	29.9	29.9	29.9
Hardest Hit Fund [3]	7.6	7.6	7.6
Subtotal Non-Credit Programs	37.5	37.5	37.5
FHA Refinance Letter of Credit [4]	1.0	*	*
Subtotal TARP Housing	38.5	37.5	37.5
Total [5]	**456.6**	**56.3**	**55.8**

*$50 million or less

[1] The total assets supported by the Asset Guarantee Program were $301 billion.

[2] Rates for PPIP and AIFP reflect weighted average subsidy costs across various instruments.

[3] TARP Making Home Affordable programs and Hardest Hit Fund involve financial instruments without any provision for income or other returns, and are recorded on a cash basis. The table reflects 100 percent subsidy cost for these programs.

[4] TARP obligations under the FHA Refinance Letter of Credit provide first loss coverage of eligible FHA insured mortgages.

[5] Total subsidy costs do not include interest effects or administrative costs. Costs at EESA and FCRA discount rates are the same for common stock programs and for programs that are closed or awaiting a closing reestimate.

$56.3 billion. TARP investments discounted under FCRA are estimated to have a lifetime cost of $55.8 billion.

TARP Market Impact

Although challenges in the economy remain, TARP's support to the banking sector through the Capital Purchase Program, Targeted Investment Program, Asset Guarantee Program, and the Community Development Capital Initiative helped stabilize the financial system and strengthen the financial position of the Nation's banking institutions. With the auto industry profitable and growing again, in December 2013, Treasury sold all its remaining shares of General Motors, recouping a total of $39 billion from the original GM investment. Since publication of the 2014 Budget, Treasury also sold a substantial portion of its remaining Ally holdings. Sales of TARP assets occurring after November 30, 2013 are not included in the cost analysis provided in this report.

The housing market is also strengthening while still recovering, but the Administration's housing programs implemented through the TARP have helped stabilize the market and kept millions of borrowers in their homes. As of November 30, 2013, nearly 1.3 million borrowers have received permanent modifications through the Home Affordable Modification Program (HAMP), which amounts to an estimated $24.2 billion in realized monthly mortgage payment savings for these homeowners. In addition to helping these borrowers, the Administration's TARP housing programs have been a catalyst to private sector mortgage modifications. Since April 2009, HAMP, FHA, and the private sector HOPE Now alliance have initiated more than 7.3 million mortgage modifications, which is nearly double the number of foreclosures completed in the same period. The Administration has continued to respond to the evolving housing crisis by implementing programs that provide mortgage relief to unemployed homeowners and those with negative home equity. Furthermore, through the HFA Hardest Hit Fund, the Administration has allocated $7.6 billion to eligible States to implement innovative housing programs to bring stability to local housing markets and meet the unique needs of their communities. See the "Credit and Insurance" chapter of this volume for more information on the Administration's efforts to support the housing market.

Description of Assets Purchased Through the TARP, by Program

Capital Purchase Program (CPP): Pursuant to EESA, the Treasury created the CPP in October 2008 to restore confidence throughout the financial system by ensuring that the Nation's banking institutions had a sufficient capital cushion against potential future losses and to support lending to creditworthy borrowers. All eligible CPP recipients completed funding by December 31, 2009, and Treasury purchased $204.9 billion in preferred stock in 707 financial institutions under the CPP program. As of November 30, 2013, Treasury had received approximately $197.7 billion in principal repayments and $26.8 billion in revenues from dividends, interest, warrants, gains/other interest and fees. CPP cash proceeds of $224.5 billion now exceed Treasury's initial investment by $19.6 billion. As of November 30, 2013, $2.1 billion remained outstanding under the program.

Community Development Capital Initiative (CDCI): The CDCI program invests lower-cost capital in Community Development Financial Institutions (CDFIs), which operate in markets underserved by traditional financial institutions. In February 2010, Treasury released program terms for the CDCI program, under which participating institutions received capital investments of up to 5 percent of risk-weighted assets and pay dividends to Treasury of as low as 2 percent per annum. The dividend rate increases to 9 percent after eight years. CDFI credit unions were able to apply to TARP for subordinated debt at rates equivalent to those offered to CDFI banks and thrifts. These institutions could apply for capital investments of up to 3.5 percent of total assets — an amount approximately equivalent to the 5 percent of risk-weighted assets available under the CDCI program to banks and thrifts. TARP capital of $570 million has been committed to this program. As of November 30, 2013, Treasury has received $130 million in cash back on its CDCI investments and $470 million remains outstanding.

Capital Assistance Program and Other Programs (CAP): In 2009, Treasury worked with federal banking regulators to develop a comprehensive "stress test" known as the Supervisory Capital Assessment Program (SCAP) to assess the health of the nation's 19 largest bank holding companies. In conjunction with SCAP, Treasury announced that it would provide capital under TARP through the Capital Assistance Program (CAP) to institutions that participated in the stress tests as well as others. Only one TARP institution (Ally Financial) required additional funds under the stress tests, but received them through the Automotive Industry Financing Program, not CAP. CAP closed on November 9, 2009, without making any investments and did not incur any losses to taxpayers. Following the release of the stress test results, banks were able to raise hundreds of billions of dollars in private capital.

American International Group (AIG) Investments: The Federal Reserve Bank of New York (FRBNY) and the Treasury provided financial support to AIG in order to mitigate broader systemic risks that would have resulted from the disorderly failure of the company. To prevent the company from entering bankruptcy and to resolve the liquidity issues it faced, the FRBNY provided an $85 billion line of credit to AIG in September 2008 and received preferred shares that entitled it to 79.8 percent of the voting rights of AIG's common stock. After TARP was enacted, the Treasury and FRBNY continued to work to facilitate AIG's execution of its plan to sell certain of its businesses in an orderly manner, promote market stability, and protect the interests of the U.S. Government and taxpayers. As of December 31, 2008, when purchases ended, the Treasury had purchased $40 billion in preferred shares from AIG through TARP, which were subsequently converted into common stock. In April 2009, Treasury also extended a $29.8 billion line of credit, of which AIG drew down $27.8 billion, in exchange for additional preferred stock. The remaining $2 billion obligation was subsequently canceled.

AIG executed a recapitalization plan with FRBNY, Treasury, and the AIG Credit Facility Trust in mid-January 2011 that allowed for the acceleration of the Government's exit from AIG. Following the restructuring and AIG's ensuing public offering in May of 2011, the Treasury had a 77 percent ownership (or 1.45 billion shares) stake in AIG, which represented a 15 percentage point reduction from Treasury's 92 percent ownership stake in January 2011. Throughout 2012, Treasury completed public offerings to further reduce its AIG ownership stake. In December 2012, Treasury sold its remaining balance of AIG common stock in a public offering that reduced Treasury's AIG common stock position to zero, including its shares acquired outside of TARP from the FRBNY. With this final sale, the Treasury and the FRBNY have fully recovered all funds committed to stabilize AIG during the financial crisis.[11] In March 2013, Treasury sold its remaining 2.7 million warrants for $25.2 million and has fully exited its investment in AIG. A summary of the deal terms and recent transactions can be found in the Analytical Perspectives volume of the President's 2014 Budget. TARP's AIG commitments totaled $67.8 billion and, with the program closed, yielded $55.3 billion in total cash back.

Targeted Investment Program (TIP): The goal of the TIP was to stabilize the financial system by making investments in institutions that are critical to the functioning of the financial system. Investments made through the TIP sought to avoid significant market disruptions resulting from the deterioration of one financial institution that could threaten other financial institutions and impair broader financial markets, and thereby pose a threat to the overall economy. Under the TIP, the Treasury purchased $20 billion in preferred stock from Citigroup and $20 billion in preferred stock from Bank of America. The Treasury also received stock warrants from each company. Both Citigroup and Bank of America repaid their TIP investments in full in December 2009, along with dividend payments of approximately $3.0 billion. In March 2010, Treasury sold all of its Bank of America warrants for $1.2 billion, and in January 2011, the Treasury sold Citigroup warrants acquired through the TIP for $190.4 million. After obligating $40 billion, TIP investments yielded gross proceeds of $44.4 billion. The TIP is closed and has no remaining assets.

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[11] Treasury's investment in AIG common shares consisted of shares acquired in exchange for preferred stock purchased with TARP funds (TARP shares) and shares received from the trust created by the FRBNY for the benefit of Treasury as a result of its loan to AIG (non-TARP shares). Treasury collected proceeds of $17.5 billion for its non-TARP shares in AIG.

Asset Guarantee Program (AGP): The AGP was created to provide Government assurances for assets held by financial institutions that were critical to the functioning of the nation's financial system. Under the AGP, the Treasury and FDIC guaranteed up to $5 billion and $10 billion, respectively, of potential losses incurred on a $301 billion portfolio of financial assets held by Citigroup. In exchange, the Treasury received $4 billion of preferred stock that was later converted to trust preferred securities; the FDIC received $3 billion in preferred stock. [12] The preferred stock provided an 8 percent annual dividend. On December 23, 2009, in connection with Citigroup's TIP repayment, Citigroup and the Government terminated the AGP agreement. The Treasury and FDIC did not pay any losses under the agreement, and retained $5.2 billion of the $7 billion in trust preferred securities that were part of the initial agreement with Citigroup. TARP retained $2.2 billion of the trust preferred securities, as well as warrants for common stock shares that were issued by Citigroup as consideration for the guarantee. Treasury sold the trust preferred securities on September 30, 2010, and the warrants on January 25, 2011. On December 28, 2012, Treasury received $800 million in additional Citigroup trust preferred securities from the FDIC and, in 2013, sold them for $894 million. The TARP's Citigroup asset guarantees yielded $3.9 billion in total cash back.

In May 2009, Bank of America announced a similar asset guarantee agreement with respect to approximately $118 billion in Bank of American assets, but the final agreement was never executed. As a result, in 2009 Bank of America paid a termination fee of $425 million to the Government. Of this amount, $276 million was paid to the TARP, $92 million was paid to FDIC, and $57 million was paid to the Federal Reserve. In total, AGP obligated $5 billion, but never paid a claim. Treasury sold the last of its AGP holdings in 2013, ending the program and yielding $4.1 billion in total cash back.

Automotive Industry Support Programs: In December 2008, in order to mitigate a systemic threat to the Nation's economy and a potential loss of thousands of jobs, the Treasury established several programs to prevent the collapse of the domestic automotive industry. Through the Auto Industry Financing Program (AIFP), the largest and only remaining active auto program, TARP made emergency loans to Chrysler, Chrysler Financial, and General Motors (GM). Additionally, TARP bought equity in Ally Financial, formerly GMAC, and assisted Chrysler and GM during their bankruptcy proceedings. The Chrysler program is now closed. In total, of the $12.4 billion committed to Chrysler, TARP was repaid $11.1 billion in total cash back.[13]

Over the last year, Treasury liquidated much of its remaining AIFP holdings. On November 20, 2013, Ally repaid $5.9 billion of TARP's original commitment. Significant additional sales of AIFP related TARP assets have also occurred since November 30, 2013 and are, therefore, not reflected in the cost analysis provided in this report. Notably, on December 9, 2013, TARP sold its last remaining shares in GM, recouping $38.8 billion from TARP's $51 billion investment in GM. Then on January 16, 2014, Treasury announced that TARP sold 410,000 shares of Ally common equity for $3 billion in a private placement, leaving TARP with only 571,971 remaining Ally shares. As of January 31, 2014, of the $78.6 billion committed for AIFP, only $5.7 billion remains outstanding for Ally.

Through the Auto Supplier Support Program (Supplier Program) and the Auto Warranty Commitment Program (Warranty Program), Treasury disbursed $1.1 billion in direct loans to GM and Chrysler to support auto parts manufacturers and suppliers. Both the Supplier and Warranty programs have closed and, in aggregate, these investments yielded $1.2 billion in total cash back.

Credit Market Programs: The Credit Market programs were designed to facilitate lending that supports consumers and small businesses, through the Term Asset-Backed Securities Loan Facility (TALF), the CDCI discussed previously, and the Small Business Administration's guaranteed loan program (SBA 7(a)).

TALF: The TALF was a joint initiative with the Federal Reserve that provided financing (TALF loans) to private investors to help facilitate the restoration of efficient and robust secondary markets for various types of credit. The Treasury provided protection to the Federal Reserve through a loan to the TALF's special purpose vehicle (SPV), which was originally available to purchase up to $20 billion in assets that would be acquired in the event of default on Federal Reserve financing. In March 2009 Treasury disbursed $0.1 billion of this amount to the TALF SPV to implement the program. In July 2010, Treasury, in consultation with the Federal Reserve, reduced the maximum amount of assets Treasury would acquire to $4.3 billion, or 10 percent of the total $43 billion outstanding in the facility when the program was closed to new lending on June 30, 2010. In June 2012, Treasury, in consultation with the Federal Reserve, further reduced its loss-coverage to $1.4 billion. Finally, Treasury and the Federal Reserve announced in January 2013 that Treasury's commitment of TARP funds to provide credit protection was no longer necessary due to the fact that the accumulated fees collected through TALF exceeded the total principal amount of TALF loans outstanding. As of November 30, 2013 Treasury had received gross cash proceeds of $690 million from TALF.

SBA 7(a): In March 2009, Treasury and the Small Business Administration announced a Treasury program to purchase SBA-guaranteed securities ("pooled certificates") to re-start the secondary market in these loans. Treasury subsequently developed a pilot program to purchase SBA-guaranteed securities, and purchased 31 securities with an aggregate face value of approximately $368 million. Treasury reduced its commitment to the Small Business 7(a) program from $1 billion to $370 million, as

[12] Trust Preferred Securities (TruPS) are financial instruments that have the following features: they are taxed like debt; counted as equity by regulators; are generally longer term; have early redemption features; make quarterly fixed interest payments; and mature at face value.

[13] Chrysler repayments of $11.1 billion include $560 million in proceeds from the sale of Treasury's 6 percent fully diluted equity interest in Chrysler to Fiat and Treasury's interest in an agreement with the UAW retiree trust that were executed on July 21, 2011.

demand for the program waned due to significantly improved secondary market conditions for these securities following the original announcement of the program. In January 2012, Treasury completed the final disposition of its SBA 7(a) securities portfolio. The SBA 7(a) program received total proceeds of $376 million, representing a gain of approximately $8 million to taxpayers.

Public Private Investment Program (PPIP): The Treasury announced the Legacy Securities Public-Private Investment Partnership (PPIP) on March 23, 2009, to help restart the market for legacy mortgage-backed securities, thereby helping financial institutions begin to remove these assets from their balance sheets and allowing for a general increase in credit availability to consumers and small businesses. Under the program, Public-Private Investment Funds (PPIFs) were established by private sector fund managers for the purchase of eligible legacy securities from banks, insurance companies, mutual funds, pension funds, and other eligible sellers as defined under EESA. On June 30, 2010, PPIP closed for new funding and as of December 2012 the PPIFs can no longer deploy capital and make new investments. Treasury may continue to manage these investments for up to five additional years. As of November 30, 2013, after obligating $19.6 billion, PPIP investments had yielded $22.5 billion in total cash back.

TARP Housing Programs: To mitigate foreclosures and preserve homeownership, in February 2009 the Administration announced a comprehensive housing program utilizing up to $50 billion in funding through the TARP. The Government-Sponsored Entities (GSEs) Fannie Mae and Freddie Mac participated in the Administration's program both as the Treasury Department's financial agents for Treasury's contracts with servicers, and by implementing similar policies for their own mortgage portfolios. These housing programs are focused on creating sustainably affordable mortgages for responsible homeowners who are making a good faith effort to make their mortgage payments, while mitigating the spillover effects of foreclosures on neighborhoods, communities, the financial system and the economy. Following the enactment of the Wall Street Reform Act, Treasury reduced its commitments to the TARP Housing programs to $45.6 billion. These programs fall into three initiatives:

- Making Home Affordable (MHA);
- Housing Finance Agency (HFA) Hardest-Hit Fund (HHF); and
- Federal Housing Administration (FHA) Refinance Program.[14]

The MHA initiative includes among its components the Home Affordable Modification Program (HAMP), FHA-HAMP, the Second Lien Modification Program (2MP), and the second lien extinguishment portion of the FHA-Refinance Program, and Rural Development-HAMP.[15] Under MHA programs, the Treasury contracts with servicers to modify loans in accordance with the program's guidelines, and to make incentive payments to the borrowers, servicers, and investors for those modification or other foreclosure alternatives. When a mortgage modification is not possible, Treasury contracts with servicers to provide incentives that encourage borrower short sales (sales for less than the value of the mortgage in satisfaction of the mortgage) or deeds-in-lieu (when the homeowner voluntarily transfers ownership of the property to the servicer in full satisfaction of the total amount due on the mortgage) via the Home Affordable Foreclosure Alternatives Program (HAFA), in order to provide a means for borrowers to avoid foreclosure. In May of 2013, the Administration announced a two-year extension of HAMP and HAFA to December 31, 2015. As of November 30, 2013, TARP has paid $7.0 billion in HAMP and HAFA related incentive payments and an additional $22.9 billion in TARP funds is obligated for future payments.

HFA Hardest-Hit Fund (HHF): The $7.6 billion HHF provides the eligible entities of Housing Finance Agencies from 18 states and the District of Columbia with funding to design and implement innovative programs to prevent foreclosures and bring stability to local housing markets. The Administration targeted areas hardest hit by unemployment and home price declines through the program. Approximately 60 percent of the HHF funds are dedicated to programs that help unemployed borrowers stay in their homes, 40 percent of HHF funds facilitate principal write-downs for borrowers who owe more than their home is worth and other activities including blight elimination, transition assistance, and administrative expenses. The flexibility of the HHF funds has allowed States to design and tailor innovative programs to meet the unique needs of their community. Over the past year, the Administration has taken key actions to help communities turn the corner to recovery, including working with Michigan, Ohio, and Indiana to use $235 million of their HHF allocations for blight elimination.

FHA Refinance Program: This program, which is administered by the Federal Housing Administration and supported by TARP, was initiated in September 2010 and allows eligible borrowers who are current on their mortgage but owe more than their home is worth, to re-finance into an FHA-guaranteed loan if the lender writes off at least 10 percent of the existing loan. Nearly $3.0 billion in TARP funds allocated under the MHA are available to provide incentive payments to extinguish second lien mortgages to facilitate refinancing the first liens into an FHA-insured mortgage, and an additional $8.1 billion was originally committed through a letter of credit agreement with Citigroup to cover a share of any losses on the loans and administrative expenses. In January 2012, the Administration extended the FHA Refinance Program until December 31, 2014. In 2013, Treasury's commitment to cover a share of any losses under the FHA Refinance Program was reduced from $8.1 billion to $1.0 billion. As

[14] This program has also been referred to as the FHA Short Refinance Program or Option in other reporting. The FHA Refinance Program is a HUD not a Treasury program, but is supported through the TARP with $1 billion to cover a share of any losses on FHA Refinance loans.

[15] For additional information on MHA programs, visit: http://www.makinghomeaffordable.gov/.

of November 30, 2013, TARP's remaining commitment to the FHA Refinance Program letter of credit was $0.5 billion.

TARP Oversight and Accountability

Ensuring effective internal controls and monitoring of TARP programs and funds to protect taxpayer investments remains a top priority of Treasury's TARP staff and those offices charged with TARP oversight and accountability. The Treasury has implemented a comprehensive set of assessments geared toward identifying risks, evaluating their potential impact, and prioritizing resource assignments to manage risks based on a combined top-down and bottom-up assessment of risk to ensure appropriate coverage of high-impact areas. A Senior Assessment Team and the Risk and Control Group guide OFS efforts to meet all applicable requirements for a sound system of internal controls, and to review and respond to all recommendations made by the four TARP oversight bodies—the Special Inspector General for TARP (SIGTARP), the Government Accountability Office (GAO), the Financial Stability Oversight Board, and the Congressional Oversight Panel (terminated April 3, 2011). The soundness of Treasury's TARP compliance monitoring, internal control, and risk management policies and processes are reflected in the clean opinions issued by GAO after its audit of OFS financial statements for 2009 through 2013 and the associated internal control over financial reporting.

The Treasury has issued regulations governing executive compensation and conflicts of interest related to TARP program administration and participation. Compliance with these rules is monitored on an ongoing basis, and reviews of participant conduct and program administration are conducted as appropriate. In executing its responsibility for monitoring compliance with executive compensation requirements, the Treasury has also created an Office of the Special Master for TARP to review TARP participant compliance with applicable legal and regulatory authority, and to recommend action to the Secretary when compensation is found to be awarded in a manner or amount deemed contrary to the public interest.

Special Inspector General for TARP

Section 121 of EESA created the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) to prevent fraud, waste, and abuse in the administration of TARP programs through audits and investigations of the purchase, management, and sales of TARP assets. SIGTARP is required to submit quarterly reports to Congress, and as of its latest report released on January 29, 2014, SIGTARP's investigations have resulted in criminal charges against 174 defendants, 112 of which were senior officers. As of January 2014, 122 have been convicted with others awaiting trial.

FEDERAL REFORMS IN RESPONSE TO THE FINANCIAL CRISIS

This section provides an overview of the financial reforms and regulatory actions put in place in response to the financial crisis of 2008. The analysis is presented in three parts. The first part, "Reforming Financial Regulation," discusses implementation of financial reforms mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act. The second part, "Federal Reserve Actions," analyzes the extraordinary measures conducted by the Board of Governors of the Federal Reserve System (the "Federal Reserve" or the "Fed"). The chapter concludes with a discussion of multilateral efforts to strengthen international financial regulation under the heading "International Financial Reform." See the "Credit and Insurance" chapter of this volume for a detailed analysis of additional programs and Administration initiatives designed to support the housing market, depository institutions, credit unions, and small businesses.

Reforming Financial Regulation

On July 21, 2010, the President signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act[16] (the "Wall Street Reform Act" or the "Act"). The Act embodies the Administration's critical objectives for achieving a more stable financial system, which include: helping prevent future financial crises in part by filling gaps in the U.S. regulatory regime; better protecting consumers of financial products and services; preventing unnecessary and harmful risk-taking that threatens the economy; and providing the Government with more effective tools to manage financial crises. Important milestones in the implementation of the Act include:

Enhanced Consumer Financial Protection

The Wall Street Reform Act created a single independent regulator—the Consumer Financial Protection Bureau (CFPB)—whose sole mission is to look out for consumers in the increasingly complex financial marketplace. The CFPB is an independent bureau in the Federal Reserve System responsible for the regulation and enforcement of existing consumer financial products, services and laws, and it issues and enforces new regulations on nonbank financial institutions (e.g., payday lenders and credit providers). On July 21, 2011, as designated by the Treasury Department, the authorities of seven regulatory agencies were transferred to the CFPB—one year after the agency was created by the Wall Street Reform Act. The CFPB is authorized to supervise and enforce existing consumer financial protection regulations affecting a bank and its affiliates if the bank has assets of $10 billion or more. Notable existing regulations include those issued under the Fair Credit Reporting Act, Truth in Lending Act, and the Real Estate Settlement Procedures Act. The CFPB is also authorized to issue new rules; enforce prohibitions against unfair, deceptive, or abusive practices; and improve disclosures about the features of consumer financial products and services. In addition, the CFPB is

[16] P.L. 111-203.

charged with supervising nonbank financial firms in specific markets regardless of size, such as mortgage lenders and servicers, consumer reporting agencies, debt collectors, private education lenders, and payday lenders.

The CFPB finalized several mortgage rules in January 2013 and subsequently promulgated clarifying amendments in September 2013. Among these rules, the Ability-to-Repay rule protects consumers from irresponsible mortgage lending by requiring that lenders generally make a reasonable, good-faith determination that prospective borrowers have the ability to repay their loans. The mortgage servicing rules establish strong protections for homeowners facing foreclosure, and the loan originator compensation rules address certain practices that created incentives to steer borrowers into risky or high-cost loans. In addition to providing stronger consumer protections for mortgages, CFPB continued broader enforcement actions in 2013, provided relief through assessments of $394 million to 2.1 million consumers harmed by credit card companies that had violated Federal consumer financial laws, and assessed an additional $50 million in civil monetary penalties to help deter future occurrences of unfair, deceptive and abusive acts or practices in marketing consumer financial products and services.

The CFPB is funded through transfers from the Federal Reserve. The Budget reflects funding for the CFPB through these authorized transfers from the Federal Reserve, estimated at $583 million in 2015.

Increasing Transparency in Financial Markets

As the regulators of U.S. financial markets, the Securities and Exchange Commission (SEC) and Commodity Futures Trading Commission (CFTC) are key components of the Administration's efforts to reform dangerous Wall Street trading practices that increase economic volatility and undermine market stability. Despite their constrained funding through appropriations in recent years, both agencies are aggressively working to address many of the root causes of the crisis, to adapt their organizations to more effectively monitor ever-changing regulated industries and activities, and to implement enforcement strategies designed to both punish violators and deter wrongdoing.

The Wall Street Reform Act gave the SEC significant new responsibilities and tasked the agency with writing a large number of new rules. In addition to managing the complexity and interrelatedness of the mandated rules, the SEC has worked to provide certainty to financial markets and investors by finalizing rules as quickly as possible without compromising the agency's ability to review, evaluate, and make changes to reflect the large number of public comments received on its proposed rulemakings. As of December 2013, the SEC had proposed or adopted more than 80 percent of the rules required by the Act. For example, the SEC has adopted and implemented all the rules designed to enhance the oversight of advisers to hedge funds and other private funds, and has adopted rules to pay awards to eligible whistleblowers who voluntarily provide the agency with original information about violations of the Federal securities laws. In calendar year 2013, among other things, the SEC adopted final rules for municipal advisor registration and issued comprehensive proposed rules regarding the regulatory treatment of cross-border security-based swap transactions. The SEC also issued or proposed rules required under the Jumpstart Our Business Startups Act (JOBS Act) intended to increase access to capital for small businesses, including rules permitting the use of general solicitation in certain private offerings and permitting securities offerings through "crowdfunding".

In 2013, the SEC also strengthened its enforcement policies by beginning to require admissions of misconduct in certain cases where there is a heightened need for public accountability. In 2013, the SEC's Enforcement Division filed 686 enforcement actions. The agency also continued to hold accountable those whose actions contributed to the financial crisis, and has now charged 169 entities and individuals with wrongdoing stemming from the crisis, 70 of whom were CEOs, CFOs, or other senior executives. Those efforts have resulted in over $3 billion in disgorgement, prejudgment interest, civil penalties, and other monetary relief agreed to or ordered.

In addition to its longstanding responsibility to ensure fair, open, and efficient futures markets, the Wall Street Reform Act authorized the CFTC to regulate the swaps marketplace through oversight of swap dealers and open trading and clearing of standardized derivatives on regulated platforms. Despite its constrained appropriations that in recent years have been significantly below the Administration's request, the CFTC has adapted its mission to include these new responsibilities. In 2013, the CFTC issued final rules and guidance for the registration and operation of swap execution facilities (SEFs), and within months oversaw the successful launch of SEF platforms that are already bringing transparency to the previously unregulated U.S. swaps market (a market notionally valued at more than $380 trillion) by making trade data available to market participants and regulators.

While devoting significant resources to timely and thorough implementation of new Wall Street Reform Act authorities, the CFTC has continued its market surveillance and enforcement activities in the historically-regulated futures and options markets. In 2013, CFTC filed 82 enforcement actions, bringing the total over the past three fiscal years to 283, nearly double the number of actions brought during the prior three fiscal years. As a result of these actions, CFTC's Division of Enforcement obtained orders imposing more than $1.7 billion in sanctions in 2013, including orders for more than $1.5 billion in civil monetary penalties and more than $200 million in restitution and disgorgement.

In support of the SEC's mission, the President's Budget provides $1.7 billion in new resources in 2015, an increase of $350 million over 2014. For CFTC, $280 million is provided, an increase of $65 million over 2014. Additionally, the Administration strongly supports legislation authorizing the CFTC to collect user fees to fund its activities beginning in 2016 as reflected in the Budget. The CFTC is the only Federal financial regulator funded through taxpayer rather than user fee funds.

Ending Too-Big-to-Fail

The Act makes clear that no financial company will be considered "too big to fail" in the future, and that taxpayers will not be on the hook for the costs of those that do fail. Under the framework of Wall Street Reform, bankruptcy is the preferred option in the event of a failure of a large, interconnected financial institution. To achieve this goal, the Act requires all large bank-holding companies to submit resolution plans, or "living-wills," to demonstrate how the company could be resolved in a rapid and orderly manner in the midst of a crisis. In 2011, the Federal Deposit Insurance Corporation (FDIC) and the Federal Reserve finalized the resolution plan rule and in 2012 and 2013 received initial living wills from all qualifying institutions. As of December 31, 2013, the FDIC and the Federal Reserve are in the process of reviewing the plans under the standards provided in the Wall Street Reform Act.

In cases where resolution under the Bankruptcy Code may result in serious adverse effects on US financial stability, the FDIC now may unwind failing nonbank financial companies in an orderly manner to prevent widespread disruptions. Through its new orderly liquidation authority under the Title II of the Act, the FDIC serves as receiver of non-depository financial companies whose failure and resolution under otherwise applicable law would have serious adverse effects on U.S. financial stability. In December 2013, the FDIC issued a Federal Register notice on the Single Point of Entry Strategy for resolving a failing financial company and sought public comment on how the policy objectives set forth in Title II of Wall Street Reform Act could be better achieved.

While the Budget includes an estimated cost to the Government that is based on the probability of default under this new orderly liquidation authority, the total costs of any liquidation will, by law, be recovered in full, so there is no long-run cost to taxpayers. The probabilistic ten-year cost from this authority of $21 billion, reflected in the Budget in the Orderly Liquidation Fund, is due to the fact that cost recovery occurs only over a period of years after liquidation expenses are incurred. For a further discussion of FDIC, see the "Credit and Insurance" chapter in this volume.

Monitoring Systemic Risk

The Act established the Financial Stability Oversight Council (FSOC) to identify, monitor, and respond to emerging threats to U.S. financial stability. The FSOC is chaired by the Secretary of the Treasury, with the heads of the Federal financial regulators and an independent insurance expert serving as voting members. The FSOC is also charged with facilitating information sharing and coordination among its member agencies and identifying gaps in the U.S. regulatory regime that could pose risks to U.S. financial stability.

The FSOC has moved quickly to identify key issues and firms posing risks to U.S. financial stability, while emphasizing the importance of transparency and stakeholder collaboration throughout the process. The FSOC's 2013 annual report identified a number of risks and emerging threats to financial stability along with a series of associated recommendations to regulators, policy makers, and market participants. Additionally, in the summer of 2013, the FSOC designated American International Group, Inc., General Electric Capital Corporation, Inc., and Prudential Financial, Inc. for enhanced prudential standards and consolidated supervision by the Federal Reserve, adding to the eight financial market utilities designated by the FSOC for enhanced risk management standards in 2012. Going forward, the FSOC will continue to monitor emerging threats to financial stability and monitor risks in the financial system including risks related to housing finance, commodity market volatility, foreign financial markets, and the U.S. fiscal position.

The Secretary of the Treasury, as Chairperson of the FSOC, also coordinated the joint rulemaking required by the Wall Street Reform Act to implement the Volcker Rule—providing critical leadership to help agencies finalize the rule. Adopted on December 10, 2013, the rule prohibits banking entities from engaging in speculative proprietary trading activities for their own benefit, rather than their customers; restricts banks' investments in private equity and hedge funds, while preserving their ability to maintain liquidity and hedge their risks; and requires robust compliance regimes that are commensurate with a firm's size and trading activity.

The Act established the Financial Research Fund (FRF) to fund the FSOC, the Office of Financial Research (OFR), and certain Orderly Liquidation Authority implementation expenses of the FDIC. The OFR, an office housed within the Treasury Department, was created to improve the quality of financial data available to policymakers and to facilitate more robust and sophisticated analysis of the financial system. The OFR is in the process of comprehensively cataloguing the data that are currently collected by U.S. financial regulators to identify deficiencies and redundancies in the existing regulatory framework, as well as enhancing the quality of the financial data infrastructure through the development of a global Legal Entity Identifier (LEI) for entities engaged in financial transactions. The FRF is fee-funded through assessments on bank holding companies with total consolidated assets of $50 billion or greater and nonbank financial companies subject to supervision by the Federal Reserve. The Budget projects gross 2015 FRF assessments of $115 million.

Improving Insurance Regulation

The Federal Insurance Office (FIO), housed within the Treasury Department, was established by the Wall Street Reform Act to "monitor all aspects of the insurance industry, including identifying issues or gaps in the regulation of insurers that could contribute to" a systemic crisis. The FIO was created, in part, to streamline what is currently a decentralized regulatory regime. In December 2013, the FIO released its report on the modernization and improvement of the system of insurance regulation in the United States. The report made 27 recommendations designed to improve our insurance regulatory system by making it more responsive to the needs of consumers, market participants, and regulators in a global environment. In 2013, the FIO also continued its work representing the United States in the International Association of Insurance Supervisors to develop a common supervisory framework for internationally active insurance groups. In 2014, the FIO plans to release a report on the reinsurance market. The FIO is funded with discretionary resources through the Treasury's Departmental Offices.

Federal Reserve Actions

Beginning in August 2007, the Federal Reserve responded to the financial crisis by taking a number of actions designed to support the liquidity positions of financial institutions and foster improved conditions in financial markets. When significant financial stresses first emerged, in August 2007, the Federal Open Market Committee (FOMC) responded quickly through traditional means, first through liquidity actions—cutting the discount rate and extending term loans to banks—and by lowering the target for the federal funds rate from 5.25 percent in August 2007 to nearly zero by December 2008.

In late 2008 and early 2009 as the crisis deepened, the Federal Reserve began taking extraordinary steps to provide liquidity and support credit market functioning, including establishing a number of emergency lending facilities and creating or extending currency swap agreements with 14 central banks around the world. In its role as banking regulator, the Federal Reserve also led stress tests of the largest U.S. bank holding companies, setting the stage for the companies to raise capital. Many of the Federal Reserve's crisis response actions were coordinated with other Federal agencies. For discussions of the Federal Reserve's role in TARP programs, including AIG support and the Term Asset-Backed Securities Loan Facility, please see the "Description of Assets Purchased Through the TARP, by Program" subsection of this chapter.

With the global financial crisis cresting and the Federal funds rate at its effective lower bound, the Federal Reserve turned to non-traditional policy approaches to avoid deflation and repair the damage caused by the crisis. To provide stimulus to household and business spending, in November 2008 the Federal Reserve began a series of large-scale asset purchases known as "quantitative easing." Initially, the Federal Reserve's quantitative easing programs used a "stock" approach by specifying total amounts of Treasury bond, GSE debt, or mortgage-backed security purchases to be completed within certain timeframes. But after several rounds of quantitative easing using this approach, in September 2012 the FOMC announced it would begin using a "flow" approach, where the Federal Reserve would buy a set amount of Treasury bonds and mortgage-backed securities every month until economic conditions sufficiently improved. After buying $85 billion a month for more than a year, in 2014 the Federal Reserve began "tapering" its asset purchases to $75 billion in January, and then $65 billion in February.

With the zero lower bound conditions on the Federal funds rate set to continue, the Federal Reserve has also made considerable use of "forward guidance" as a policy tool to foster expectations of lower future interest rates. In practice, "forward guidance" has referred to the Federal Reserve's attempts to more clearly articulate objectives, timeframes, and thresholds for policy adjustments—leading to more accommodative financial conditions. As a notable example, in December 2012, the FOMC indicated that the Federal funds target rate would remain near zero until either unemployment drops below 6.5 percent, or inflation exceeds 2.5 percent.

The Federal Reserve has also made considerable progress in implementing the statutory mandates in the Wall Street Reform Act, helping to further improve financial stability and mitigate systemic risk. In October 2013, the Federal Reserve and other Federal banking agencies issued a proposed rule, consistent with section 165 of the Act, which would implement the first broadly applicable quantitative liquidity requirement for U.S. banking firms. The Federal Reserve has continued conducting comprehensive stress tests required by the Act, which in late 2013 provided key information to improve the Fed's supervisory efforts of large banking firms. In December 2013, the Federal Reserve also approved a final rule clarifying the treatment of uninsured U.S. branches and agencies of foreign banks under section 716 of the Act, which generally prohibits certain types of Federal assistance—such as discount window lending and deposit insurance—to swap dealers and major swap participants.

Earnings resulting from the expansion of the Federal Reserve's balance sheet through the large-scale asset purchases have, over the last several years, increased the surplus the Federal Reserve deposits in the Treasury, reducing the budget deficit. As its support winds down, transfers are likely to return to lower, more normal levels. In 2013, Treasury received $75.8 billion from the Federal Reserve, which represents an 8 percent decrease below 2012 deposits. The Budget projects Treasury will receive $90.4 billion and $88.3 billion from the Federal Reserve in 2014 and 2015, respectively.

International Financial Reform

The financial crisis was an international event not limited to U.S. markets, corporations, and consumers. In addition to its demonstrated commitment to achieving meaningful financial reform at home, the Administration continues to ensure coordination of financial reform principles across the globe. At the G-20 Summit in Pittsburgh in September 2009, President Obama and other G-20 leaders established the G-20 as the premier forum for international economic cooperation. Over the course of Summits held in London (April 2009), Pittsburgh (September 2009), Toronto (June 2010), Seoul (November 2010), Cannes (November 2011), Los Cabos (June 2012), and Saint Petersburg (September 2013), the Administration and G-20 leaders have committed to an ambitious agenda for financial regulatory reform. Their reform commitments have extended the scope of regulation, will improve transparency and disclosure, and will strengthen banks through increased and higher quality capital and adoption of a leverage ratio that will more tightly limit the amount banks may lend relative to their capital reserves. In 2013, the Office of the Comptroller of the Currency, the FDIC, and the Federal Reserve implemented a rule reflecting the most recent international capital framework published by the Basel Committee on Banking Supervision. This rule strengthens the definition of regulatory capital, increases risk-based capital requirements, and amends the methodologies for determining risk-weighted assets.

Together, the U.S. and its global allies are building effective resolution regimes, including cross-border resolution frameworks, and are developing higher prudential standards for systemically important financial institutions to reflect the greater risk those institutions pose to financial system stability. To facilitate bilateral discussions and cooperation, the FDIC is negotiating memoranda of understanding with certain foreign counterparts that will provide a basis for international information sharing and cooperation relating to cross-border resolution planning and implementation. The Treasury Department, working together with other agencies, has ensured that these commitments are fully consistent with our domestic financial reform agenda.

The Administration continues to work cooperatively with its G-20 partners to close regulatory gaps. These efforts reflect the parties' recognition of the interconnectedness of financial markets and the need to preclude opportunities for regulatory arbitrage, in which firms seek jurisdictions and financial instruments that are comparatively less regulated and, in doing so, allow risk to build up covertly, posing a threat to financial stability. In developing regulatory reforms that strengthen the resilience of the financial system to withstand the level of stress seen in the recent financial crisis, the Administration and its G-20 partners have remained mindful of the need to undertake reform in ways consistent with cultivating vibrant, innovative, and healthy markets that can do what financial markets do best: allocate scarce resources efficiently.

22. 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.

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.

Table 22–1. HOMELAND SECURITY FUNDING BY AGENCY

(Budget authority in millions of dollars)

	Agency	2013 Actual	2013 Supplemental/ Emergency	2014 Enacted	2014 Supplemental	2015 Request
1	Department of Agriculture	430.5	....	486.5	....	475.7
2	Department of Commerce*	612.5	25.2	3,898.8	....	4,931.4
3	Department of Defense	16,526.6	268.2	16,364.8	227.4	15,762.4
4	Department of Education	31.4	....	37.1	....	36.6
5	Department of Energy	1,990.7	....	1,914.4	....	1,959.6
6	Department of Health and Human Services	4,015.9	....	4,774.8	....	4,477.8
7	Department of Homeland Security	33,714.8	9.9	35,561.0	....	35,491.1
8	Department of Housing and Urban Development	2.0	....	2.7	....	1.8
9	Department of the Interior	56.6	....	55.5	....	56.8
10	Department of Justice	3,685.2	2.1	4,022.2	....	4,030.1
11	Department of Labor	36.5	....	32.0	....	32.4
12	Department of State	2,929.2	....	2,943.9	....	3,345.4
13	Department of Transportation	249.3	....	211.8	....	210.8
14	Department of the Treasury	119.2	....	118.0	....	121.7
15	Department of Veterans Affairs	367.5	....	373.4	....	390.6
16	Corps of Engineers	15.5	....	13.6	....	10.9
17	Environmental Protection Agency	95.9	....	93.9	....	95.4
18	Executive Office of the President	9.0	....	8.0	....	7.2
19	General Services Administration	36.0	....	363.0	....	516.0
20	National Aeronautics and Space Administration	208.9	....	227.0	....	241.3
21	National Science Foundation	433.5	....	442.7	....	407.1
22	Office of Personnel Management	1.2	....	....	....	....
23	Social Security Administration	231.2	....	259.4	....	283.4
24	District of Columbia	23.0	....	24.0	....	15.0
25	Federal Communications Commission	1.4	....	1.4	....	1.4
26	Intelligence Community Management Account**	0.0	....	....	....	....
27	National Archives and Records Administration	22.7	....	22.7	....	22.4
28	Nuclear Regulatory Commission	73.9	....	73.7	....	69.6
29	Securities and Exchange Commission	8.0	....	8.0	....	8.0
30	Smithsonian Institution	97.4	....	101.0	....	99.5
31	United States Holocaust Memorial Museum	11.0	....	11.0	....	11.0
	Total, Homeland Security Budget Authority	**66,036.5**	**305.4**	**72,446.3**	**227.4**	**73,112.3**
	Less Department of Defense	–16,526.6	–268.2	–16,364.8	–227.4	–15,762.4
	Non-Defense Homeland Security BA	**49,509.9**	**37.2**	**56,081.5**	**.........**	**57,349.9**
	Less Fee-Funded Homeland Security Programs	–6,314.0	....	–8,672.4	....	–10,568.1
	Less Mandatory Homeland Security Programs	–3,431.9	....	–6,745.3	....	–7,907.1
	Net Non-Defense Discretionary Homeland Security BA	**39,764.0**	37.2	**40,663.9**	**-**	**38,874.7**

* Funding increase authorized to build a nationwide broadband network for first responders.

** Funding for the Intelligence Community Management Account was moved under DoD beginning in 2013.

Table 22–2. PREVENT AND DISRUPT TERRORIST ATTACKS
(Budget authority in millions of dollars)

Agency	2013 Actual	2013 Supplemental/ Emergency	2014 Enacted	2014 Supplemental	2015 Request
Department of Agriculture	233.6	....	266.6	....	266.5
Department of Commerce	4.1	....	3.8	....	4.1
Department of Defense	....	....	....	....	0.1
Department of Energy	....	....	....	....	0.5
Department of Homeland Security	25,884.1	2.8	26,895.7	....	27,093.7
Department of the Interior	0.4	....	0.5	....	0.5
Department of Justice	3,198.6	0.1	3,495.1	....	3,500.2
Department of State	2,822.0	....	2,845.3	....	3,251.0
Department of Transportation	34.7	....	34.4	....	34.7
Department of the Treasury	67.1	....	66.9	....	70.8
General Services Administration	....	....	295.0	....	420.0
Total, Prevent and Disrupt Terrorist Attacks	**32,244.6**	**2.9**	**33,903.3**	**.........**	**34,642.0**

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 internet at: *www.budget.gov/budget/Analytical_Perspectives* and on the Budget 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 2015, the President's Budget includes $73.1 billion of gross budget authority for homeland security activities, a $666 million (0.9 percent) increase above the 2014 appropriations level. Excluding mandatory spending, fees, and the Department of Defense's (DOD) homeland security budget, the 2015 Budget proposes a net, non-Defense, discretionary budget authority level of $38.9 billion, which is a decrease of $1.8 billion (4.4 percent) below the 2014 appropriations level (see Table 22–1).

A total of 31 agency budgets include Federal homeland security funding in 2015. Six agencies—the Departments of Homeland Security (DHS), Defense (DOD), Health and Human Services (HHS), Justice (DOJ), State (DOS), and Commerce (DOC)—account for approximately $68.0 billion (93 percent) of total Government-wide gross discretionary homeland security funding in 2015.

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 resultant 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 2015, funding for intelligence-and-warning is distributed between DHS (50 percent), primarily in the Office of Intelligence and Analysis; and DOJ (47 percent), primarily in the Federal Bureau of Investigation (FBI). 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 is in DHS ($24.7 billion, or 86 percent, in 2015), largely for the U.S. Customs and Border Protection (CBP), the Transportation Security Administration (TSA), and the U.S. Coast Guard. Other DHS components 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 2015 request for border and transportation security activities would increase funding by $730 million (2.6 percent) above the 2014 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 Immigration and Customs Enforcement) accounting for 60 and 38 percent of funding for 2015, 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 are: HHS, largely for research at the National Institutes of Health (NIH) and for advanced development of medical

Table 22–3. PROTECT THE AMERICAN PEOPLE, OUR CRITICAL INFRASTRUCTURE, AND KEY RESOURCES

(Budget authority in millions of dollars)

Agency	2013 Actual	2013 Supplemental	2014 Enacted	2014 Supplemental	2015 Request
Department of Agriculture	137.8	....	154.8	....	144.0
Department of Commerce	241.9	....	257.2	....	259.5
Department of Defense	15,283.5	268.2	14,997.4	227.4	14,427.2
Department of Energy	1,754.1	....	1,693.3	....	1,719.8
Department of Health and Human Services	2,142.0	....	2,858.1	....	2,639.0
Department of Homeland Security	5,525.7	7.1	6,218.2	....	5,970.9
Department of Justice	471.2	2.0	507.3	....	509.1
Department of Veterans Affairs	308.5	....	311.7	....	323.1
National Aeronautics and Space Administration	208.9	....	227.0	....	241.3
National Science Foundation	433.5	....	442.7	....	407.1
Social Security Administration	229.4	....	257.5	....	281.4
Other Agencies	697.7	....	684.6	....	706.1
Total, Protect the American People, Our Critical Infrastructure, and Key Resources	**27,434.2**	**277.3**	**28,609.8**	**227.4**	**27,628.6**

Table 22–4. RESPOND TO AND RECOVER FROM INCIDENTS
(Budget authority in millions of dollars)

Agency	2013 Actual	2013 Supplemental	2014 Enacted	2014 Supplemental	2015 Request
Department of Agriculture	59.2	....	65.2	....	65.2
Department of Commerce*	366.5	25.2	3,637.7	....	4,667.7
Department of Defense	1,243.0	....	1,367.4	....	1,335.2
Department of Education	1.2	....	1.3	....	1.2
Department of Energy	236.6	....	221.1	....	239.8
Department of Health and Human Services	1,873.9	....	1,916.7	....	1,838.8
Department of Homeland Security	2,305.0	....	2,447.1	....	2,426.5
Department of Housing and Urban Development	2.0	....	2.7	....	1.8
Department of the Interior	4.4	....	4.5	....	4.5
Department of Justice	15.3	....	19.8	....	20.7
Department of Labor	18.1	....	17.9	....	18.2
Department of State	23.0	....	23.3	....	20.6
Department of Transportation	25.7	....	25.3	....	25.5
Department of the Treasury	35.1	....	34.6	....	33.9
Department of Veterans Affairs	59.1	....	61.7	....	67.4
Environmental Protection Agency	51.6	....	48.6	....	46.2
Executive Office of the President	2.1	....	1.6	....	1.2
General Services Administration	3.0	....	3.0	....	3.0
Office of Personnel Management	0.4	....	....	....	....
Social Security Administration	1.8	....	1.9	....	1.9
District of Columbia	23.0	....	24.0	....	15.0
Federal Communications Commission	1.4	....	1.4	....	1.4
Intelligence Community Management Account**	....	....	....	....	....
National Archives and Records Administration	1.4	....	1.4	....	1.4
Securities and Exchange Commission	5.0	....	5.0	....	5.0
Total, Respond To and Recover From Incidents	**6,357.7**	**25.2**	**9,933.3**	**.........**	**10,842.3**

* Funding authorized to build a nationwide broadband network for first responders.
** Funding for the Intelligence Community Management Account was moved under DoD beginning in 2013.

countermeasures ($2.4 billion, or 45 percent, of the 2015 total, not including $415 million for the BioShield Special Reserve Fund); DHS ($1.4 billion, or 26 percent, of the 2015 total); and DOD ($1.2 billion, or 23 percent, of the 2015 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 2015 ($13.2, or 59 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 $ 4.6 billion (20 percent) of 2015 funding. Another 24 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 2015 request decreases funding for activities to protect the Nation's people, critical infrastructure and key resources by $981 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

Hurricanes Katrina and Sandy, and chemical or oil spills, like Deepwater Horizon, do not directly fall within the definition 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: DOC ($4.7 billion, or 43 percent of the 2015 total, much of which is new funding to build a nationwide broadband network for first responders); DHS ($2.4 billion, or 22 percent, of the 2015 total); HHS ($1.8 billion, or 17 percent of the 2015 total,); and DOD ($1.3 billion, or 12 percent of the 2015 total). Nineteen other agencies include emergency preparedness and response funding. The President's 2015 request would increase funding by $909 million (9 percent) above the 2014 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[1]

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 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.[2] The survey's findings were based on the responses from 471 counties (15 percent) nationwide, out of 3,140 counties or equivalents.[3]

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.[4] 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.[5] 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.[6] 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

[1] OMB does not collect detailed homeland security expenditure data from State, local, or private entities directly.

[2] Source: National Association of Counties, "Homeland Security Funding—2003 State Homeland Security Grants Programs I and II."

[3] The National Association of Counties conducted a survey through its various state associations (48), responses were received from 471 counties in 26 states.

[4] 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*. Figures cited in this report have not been independently verified by the Office of Management and Budget.

[5] 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.

[6] 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.

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 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.[7] About 15 percent of the companies surveyed had increased their security spending by 20 percent or more.[8] Large increases in spending were especially evident in critical industries, such as transportation, energy, 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.[9] 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.

[7] 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 report references 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."

[8] The Conference Board survey cites the sample size for this statistic was 192 corporate security directors.

[9] The Conference Board survey cites the sample size for this statistic was 199 corporate security directors.

Additional Tables

The tables in the Federal expenditures section of this chapter present data based on the President's policy for the 2014 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.

Table 22–5. DISCRETIONARY FEE-FUNDED HOMELAND SECURITY ACTIVITIES BY AGENCY

(Budget authority in millions of dollars)

Agency	2013 Actual	2013 Supplemental	2014 Enacted	2014 Supplemental	2015 Request
Department of Commerce	....	....	1,647.0	....	2,275.0
Department of Energy	11.4	....	10.9	....	16.8
Department of Homeland Security	3,310.5	....	3,619.0	....	4,298.2
Department of State	2,723.6	....	2,771.7	....	3,177.4
General Services Administration	28.0	....	355.0	....	508.0
Social Security Administration	231.2	....	259.4	....	283.4
Federal Communications Commission	1.4	....	1.4	....	1.4
Securities and Exchange Commission	8.0	....	8.0	....	8.0
Total, Discretionary Homeland Security Fee-Funded Activities	**6,314.0**	**.........**	**8,672.4**	**.........**	**10,568.1**

Table 22–6. MANDATORY HOMELAND SECURITY FUNDING BY AGENCY
(Budget authority in millions of dollars)

Agency	2013 Actual	2013 Supplemental	2014 Enacted	2014 Supplemental	2015 Request
Department of Agriculture	199.7	....	232.0	....	231.9
Department of Commerce*	251.0	....	3,525.0	....	4,550.0
Department of Defense	273.6	....	266.2	....	263.2
Department of Energy	8.0	....	8.0	....	14.0
Department of Health and Human Services	0.3	....	0.3	....	0.3
Department of Homeland Security	2,697.6	....	2,712.1	....	2,845.8
Department of Labor	1.7	....	1.7	....	1.9
Total, Homeland Security Mandatory Programs	**3,431.9**	**.........**	**6,745.3**	**.........**	**7,907.1**

* Funding increase authorized to build a nationwide broadband network for first responders.

Table 22–7. BASELINE ESTIMATES—TOTAL HOMELAND SECURITY FUNDING BY AGENCY
(Budget authority in millions of dollars)

Agency		Baseline				
	2014	2015	2016	2017	2018	2019
Department of Agriculture	475	480	506	520	531	543
Department of Commerce	3,899	4,933	6,285	399	410	418
Department of Defense	16,364	16,634	16,944	17,280	17,617	17,969
Department of Education	37	38	38	39	40	41
Department of Energy	1,916	1,962	2,004	2,047	2,093	2,138
Department of Health and Human Services	4,774	4,445	4,960	5,065	5,171	5,278
Department of Homeland Security	35,333	36,552	37,513	38,550	39,626	40,682
Department of Housing and Urban Development	3	3	3	3	4	4
Department of the Interior	57	58	60	63	66	67
Department of Justice	4,024	4,163	4,284	4,409	4,539	4,669
Department of Labor	32	32	31	31	31	32
Department of State	2,945	2,764	2,819	2,879	2,940	3,001
Department of Transportation	218	226	234	241	249	256
Department of the Treasury	119	122	126	130	132	136
Department of Veterans Affairs	371	379	390	400	408	418
Corps of Engineers	14	14	15	15	15	15
Environmental Protection Agency	93	95	97	100	104	107
Executive Office of the President	9	9	9	10	10	10
General Services Administration	363	517	529	540	553	565
National Aeronautics and Space Administration	224	227	231	237	242	246
National Science Foundation	442	450	458	468	477	485
Office of Personnel Management	1	1	1	1	1	1
Social Security Administration	259	283	288	294	300	306
District of Columbia	24	24	25	25	26	26
Federal Communications Commission	2	2	2	2	2	2
Intelligence Community Management Account	....	....	....	....	....	....
National Archives and Records Administration	23	23	24	24	25	25
Nuclear Regulatory Commission	74	76	80	82	83	86
Securities and Exchange Commission	8	8	8	8	9	9
Smithsonian Institution	100	104	109	112	115	118
United States Holocaust Memorial Museum	11	11	11	12	12	12
Total, Homeland Security Budget Authority	**72,214**	**74,635**	**78,084**	**73,986**	**75,831**	**77,665**
Less Department of Defense	–16,364	–16,634	–16,944	–17,280	–17,617	–17,969
Non-Defense Homeland Security BA	**55,850**	**58,001**	**61,140**	**56,706**	**58,214**	**59,696**
Less Fee-Funded Homeland Security Programs	–7,051	–7,103	–7,238	–7,383	–7,531	–7,679
Less Mandatory Homeland Security Programs	–6,746	–7,905	–9,429	–3,638	–3,736	–3,817
Net Non-Defense, Discretionary Homeland Security BA	**42,053**	**42,993**	**44,473**	**45,685**	**46,947**	**48,200**
Obligations Limitations						
Department of Transportation Obligations Limitation	....	....	....	....	....	....

Table 22–8. HOMELAND SECURITY FUNDING BY BUDGET FUNCTION
(Budget authority in millions of dollars)

Budget Function	2013 Actual	2014 Enacted	2015 Request
National Defense	21,957	21,441	20,892
International Affairs	2,926	2,941	3,344
General Science Space and Technology	717	750	740
Energy	113	170	173
Natural Resources and the Environment	349	312	307
Agriculture	418	463	450
Commerce and Housing Credit	462	3,748	4,777
Transportation	10,678	10,846	10,754
Community and Regional Development	2,698	2,860	2,583
Education, Training, Employment and Social Services	168	173	171
Health	4,005	4,764	4,880
Medicare	26	26	27
Income Security	5	6	5
Social Security	231	259	283
Veterans Benefits and Services	368	371	386
Administration of Justice	19,624	21,137	21,654
General Government	1,609	1,947	2,089
Total, Homeland Security Budget Authority	**66,354**	**72,214**	**73,515**
Less National Defense, DoD	–16,798	–16,364	–15,761
Non-Defense Homeland Security BA	**49,556**	**55,850**	**57,754**
Less Fee-Funded Homeland Security Programs	–6,291	–7,004	–8,597
Less Mandatory Homeland Security Programs	–3,436	–6,753	–7,912
Net Non-Defense, Discretionary Homeland Security BA	**39,829**	**42,093**	**41,245**

Table 22–9. BASELINE ESTIMATES—HOMELAND SECURITY FUNDING BY BUDGET FUNCTION
(Budget authority in millions of dollars)

Budget Function		Baseline				
	2013	2015	2016	2017	2018	2019
National Defense	21,441	21,840	22,275	22,743	23,217	23,705
International Affairs	2,941	2,760	2,815	2,875	2,936	2,997
General Science Space and Technology	750	762	776	794	810	824
Energy	170	182	188	193	197	202
Natural Resources and the Environment	312	317	326	334	344	351
Agriculture	463	468	493	507	518	529
Commerce and Housing Credit	3,748	4,780	6,127	239	246	251
Transportation	10,846	11,281	11,527	11,848	12,179	12,511
Community and Regional Development	2,860	2,912	2,969	3,030	3,092	3,157
Education, Training, Employment and Social Services	173	178	184	189	193	198
Health	4,764	4,849	4,948	5,052	5,156	5,263
Medicare	26	27	29	30	32	33
Income Security	6	6	4	4	5	5
Social Security	259	283	288	294	300	306
Veterans Benefits and Services	371	379	390	400	408	418
Administration of Justice	21,137	21,925	22,600	23,268	23,968	24,642
General Government	1,947	2,101	2,145	2,186	2,230	2,273
Total, Homeland Security Budget Authority	**72,214**	**75,050**	**78,084**	**73,986**	**75,831**	**77,665**
Less National Defense, DoD	–16,364	–16,634	–16,944	–17,280	–17,617	–17,969
Non-Defense, Discretionary Homeland Security BA	**55,850**	**58,416**	**61,140**	**56,706**	**58,214**	**59,696**
Less Fee-Funded Homeland Security Programs	–7,051	–7,103	–7,238	–7,383	–7,531	–7,679
Less Mandatory Homeland Security Programs	–6,746	–7,905	–9,429	–3,638	–3,736	–3,817
Net Non-Defense, Discretionary Homeland Security BA	**42,053**	**43,408**	**44,473**	**45,685**	**46,947**	**48,200**
Obligations Limitations						
Department of Transportation Obligations Limitation	–219	–226	–234	–241	–247	–255

23. FEDERAL DRUG CONTROL FUNDING

In support of the *2014 National Drug Control Strategy* (*Strategy*), the President requests $25.4 billion in Fiscal Year 2015 to reduce drug use and its consequences in the United States. The *Strategy* represents a 21st century approach to drug policy that outlines innovative policies and programs and recognizes that substance use disorders are not just a criminal justice issue, but also a major public health concern. Decades of research demonstrate that addiction is a disease of the brain - one that can be prevented, treated, and from which people can recover. The *Strategy* lays out an evidence-based plan for real drug policy reform, spanning the spectrum of prevention, early intervention, treatment, recovery support, criminal justice reform, effective law enforcement, and international cooperation.

The Office of National Drug Control Policy (ONDCP) develops the *Strategy* and a consolidated National Drug Control Program Budget. Program evaluation and performance measurement are important tools for ONDCP in its oversight of Federal agencies – enabling ONDCP to assess the extent to which the *Strategy* is meeting its goals and objectives, and the contributions of drug control agencies. A key performance tool for ONDCP is the Performance Reporting System (PRS), which appraises the performance of the large and complex interagency Federal effort set forth in the *Strategy*. The PRS is essential because it will act as a signal to indicate where the *Strategy* is on track, and when and where further attention, assessment, evaluation, and problem-solving are needed. The first PRS report, which will be released soon, is the first assessment of interagency progress, and will assist in making adjustments to the *Strategy's* policy and program actions as required to achieve the *Strategy's* goals and objectives.

Table 23–1. FEDERAL DRUG CONTROL FUNDING, 2013–2015 [1]

(Budget authority, in millions of dollars)

Department/Agency	2013 Enacted	2014 Enacted	2015 President's Budget
Department of Agriculture:			
U.S. Forest Service	15.2	12.4	12.3
Court Services and Offender Supervision Agency for D.C.:	47.7	54.0	56.1
Department of Defense: [2]			
Drug Interdiction and Counterdrug Activities	1,599.1	1,538.8	956.0
Defense Health Program	99.5	101.2	91.4
Total DOD	**1,698.6**	**1,639.9**	**1,047.4**
Department of Education:			
Office of Elementary and Secondary Education	55.6	39.5	102.1
Federal Judiciary:	1,061.0	1,200.4	1,243.0
Department of Health and Human Services:			
Administration for Children and Families	20.0	20.0	20.0
Centers for Medicare and Medicaid Services [3]	3,620.0	4,350.0	5,070.0
Health Resources and Services Administration	18.0	22.0	23.0
Indian Health Service	91.6	112.0	113.6
National Institute on Alcohol Abuse and Alcoholism	61.8	63.4	63.4
National Institute on Drug Abuse	992.2	1,015.8	1,023.3
Substance Abuse and Mental Health Services Administration [4]	2,395.4	2,478.6	2,427.4
Total HHS	**7,199.1**	**8,061.7**	**8,740.8**
Department of Homeland Security:			
Customs and Border Protection	2,270.5	2,442.2	2,385.6
Federal Law Enforcement Training Center	43.8	46.2	43.6
Immigration and Customs Enforcement	474.9	496.3	489.3
U.S. Coast Guard [5]	1,333.8	1,305.3	1,205.0
Total DHS	**4,122.9**	**4,289.9**	**4,123.5**
Department of Housing and Urban Development:			
Office of Community Planning and Development	421.5	458.9	524.5

Table 23–1. FEDERAL DRUG CONTROL FUNDING, 2013–2015[1]—Continued

(Budget authority, in millions of dollars)

Department/Agency	2013 Enacted	2014 Enacted	2015 President's Budget
Department of the Interior:			
Bureau of Indian Affairs	9.5	9.7	9.7
Bureau of Land Management	5.1	5.1	5.1
National Park Service	3.1	3.3	3.3
Total DOI	**17.7**	**18.1**	**18.1**
Department of Justice:			
Assets Forfeiture Fund	234.5	227.1	238.4
Bureau of Prisons	3,212.8	3,460.3	3,477.6
Criminal Division	38.6	40.1	41.7
Drug Enforcement Administration	2,242.1	2,353.3	2,384.7
Organized Crime Drug Enforcement Task Force	484.4	514.0	505.0
Office of Justice Programs	251.9	244.6	274.6
U.S. Attorneys	75.0	76.0	77.0
U.S. Marshals Service	228.2	242.5	242.4
Federal Prisoner Detention	604.3	529.0	543.0
Total DOJ	**7,371.9**	**7,686.9**	**7,784.4**
Department of Labor:			
Employment and Training Administration	**6.6**	**6.6**	**4.8**
Office of National Drug Control Policy:			
Operations	23.2	22.8	22.6
High Intensity Drug Trafficking Area Program	226.0	238.5	193.4
Other Federal Drug Control Programs	100.3	105.4	95.4
Total ONDCP	**349.6**	**366.7**	**311.4**
Department of State: [6]			
Bureau of International Narcotics and Law Enforcement Affairs	523.2	473.2	458.3
United States Agency for International Development	164.4	138.6	148.6
Total DOS	**687.6**	**611.8**	**606.9**
Department of the Transportation:			
Federal Aviation Administration	26.8	30.5	30.8
National Highway Traffic Safety Administration	2.7	2.2	2.2
Total DOT	**29.4**	**32.7**	**33.1**
Department of the Treasury:			
Internal Revenue Service	57.1	60.3	58.4
Department of Veterans Affairs:			
Veterans Health Administration [7]	658.9	672.4	696.6
Total Federal Drug Budget	**23,800.4**	**25,212.2**	**25,363.3**

[1] Detail may not add due to rounding.

[2] As the Overseas Contingency Operations (OCO) amounts have not yet been finalized, this amount includes FY 2015 base budget resources only.

[3] The estimates for the Centers for Medicare & Medicaid Services reflect Medicaid and Medicare benefit outlays for substance abuse treatment; they do not reflect budget authority. The estimates were developed by the CMS Office of the Actuary.

[4] Includes budget authority and funding through evaluation set-aside authorized by Section 241 of the Public Health Service (PHS) Act.

[5] 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.

[6] State Department amounts include funding appropriated or requested for overseas contingency operations.

[7] VA Medical Care receives advance appropriations; FY 2014 funding was provided in the Consolidated and Furthering Continuing Appropriations Act, 2013 (Public Law 113–6).

24. 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 in 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 program participants recognized the need to provide a high-quality, reliable and sustainable water supply for California, while at the same time restore and maintain the ecological integrity of the area and mitigate 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 that includes the Bay-Delta Conservation Plan, the Delta Science Program, and the Delta Plan, released in May of 2013. Federal activities are currently coordinated though 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 and management, and continues to develop strategies to balance and achieve the program's four objectives: a renewed Federal-state partnership, smarter water supply and use, habitat restoration, and drought and 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 made towards 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 Army Corps of Engineers; the Department of Commerce's National Oceanic and Atmospheric Administration; and the Environmental Protection Agency.

The 2015 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 narratives that further account for recent programmatic and funding changes are available online at *www.budget.gov/budget/analytical_perspectives* and on the Budget CD-ROM. 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 this website: *http://www.doi.gov/news/doinews/upload/CAWaterWorkPlan.pdf*.

Table 24–1. BAY-DELTA FEDERAL FUNDING BUDGET CROSSCUT

(In millions of dollars)

Agency	Enacted																	Pres. Budget
	98	99	00	01	02	03	04	05	06	07	08	09 [1]	10	11	12	13	14	15
Bureau of Reclamation	153	115	139	80	103	74	76	81	100	101	66	157	95	186	175	121	152	135
Corps of Engineers	101	103	94	54	58	58	73	52	91	87	51	141	73	98	45	54	86	56
Natural Resources Conservation Service	0	15	13	17	39	38	49	36	35	27	41	44	40	56	56	45	48	56
NOAA Fisheries (NMFS)	0	0	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Geological Survey	3	3	4	5	5	5	5	5	5	4	4	4	3	6	8	7	7	8
Fish and Wildlife Service	1	1	4	18	6	11	14	9	11	8	22	24	7	5	5	5	5	6
Environmental Protection Agency[2]	3	3	57	53	54	21	63	98	37	36	68	161	124	78	86	80	83	64
Totals:	**262**	**240**	**311**	**228**	**266**	**208**	**279**	**283**	**279**	**264**	**253**	**532**	**341**	**430**	**376**	**312**	**383**	**327**

[1] The FY 2009 total includes American Recovery and Reinvestment Act projects and activities.

[2] EPA's 2012-2015 figures include estimated projections of California's total State Revolving Fund (SRF) allocations. Prior year columns do not.

Note: The 2012-2015 columns reflect categories in the Bay-Delta Interim Federal Action Plan. In some cases it may include different projects.