



Mandate Monitor

Special Edition: Total Cost Shift for FY 2004 through FY 2008 and Projected Cost Shift for FY 2009

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An Information Service of the NCSL Budgets and Revenue Committee

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202-624-3584
molly.ramsdell@ncsl.org

Garner Girthoffer
202-624-7753
garner.girthoffer@ncsl.org

*The **Unfunded Mandates Reform Act (UMRA)** is now in its second decade. Although fewer than a dozen mandates have been enacted that exceed the threshold established in UMRA, Congress has shifted at least \$131 billion in costs to states over the past five years. Under the president's proposed FY 2009 budget, states face at least an additional \$33 billion in cost shifts through new conditions of grant aid and reductions in appropriations for existing state-federal partnerships.*

Introduction

This edition of the *Mandate Monitor* reports on the president's FY 2009 budget proposal and the billions in cost shifts it would impose upon the states in FY 2009 and beyond.

On February 4, 2008, the president released his FY 2009 budget. The proposal reduces or eliminates funds for 151 programs. These proposals would result in \$18 billion in federal savings. The proposal would shift at least an additional \$33 billion in state-federal program costs (see table 1). The President's budget continues to underfund numerous state-federal partnerships, including the Individuals with Disabilities Education Act (IDEA) and No Child Left Behind (NCLB).

The cost shift proposed under the president's budget would be in addition to the \$131 billion in cost shifts the federal government has enacted since FY 2004. This includes an increase in the federal minimum wage, extension of the Internet Tax Moratorium and a cap on federal assistance for administrative costs associated with the Food Stamps program.

Table 1 provides a detailed explanation of the cost shift to states for FY 2004 through 2008, and projected for FY 2009. This reflects NCSL's most conservative analysis of the fiscal impact.

Table 1.²						
Program	Minimum	Minimum	Minimum	Minimum	Minimum	Estimated
	FY 2004 Gap	FY 2005 Gap	FY 2006 Gap	FY 2007 Gap	FY 2008 Gap	FY 2009 Gap³
CBO DETERMINED MANDATES THAT EXCEED THE THRESHOLD						
Food Stamps	\$197,000,000	\$197,000,000	\$197,000,000	\$197,000,000	\$197,000,000	\$197,000,000
MMA-Preempts state taxes on Rx premiums			\$60,000,000	\$66,000,000	\$72,000,000	\$78,000,000
Internet Tax Moratorium			\$100,000,000	\$100,000,000	\$80,000,000	\$80,000,000
Minimum Wage Increase					\$100,000,000	\$200,000,000
NCSL DETERMINED MANDATES						
Education						
IDEA	\$9,800,000,000	\$10,223,000,000	\$4,066,647,143	\$6,255,917,714	\$8,281,676,000	\$10,234,947,000
IDEA Full Funding			\$6,410,403,215	\$4,657,079,364	\$7,111,000,000	\$5,698,000,000
NCLB	\$9,600,000,000	\$7,760,000,000	\$10,039,000,000	\$12,287,000,000	\$12,287,000,000	\$12,287,000,000
Educational Technology State Grants		\$195,000,000	\$224,000,000		\$5,000,000	\$267,000,000
Environment						
Clean Water SRF		\$250,000,000	\$204,000,000	\$10,000,000	\$395,000,000	\$134,000,000
Health/Human Services						
CDC-Bioterrorism	\$55,000,000		\$95,000,000	\$8,000,000	\$21,000,000	\$167,000,000
TANF-Child Care/Work Requirements				\$1,460,000,000	\$1,460,000,000	\$1,460,000,000
Child Support Incentive Payments					\$572,000,000	\$739,000,000
Child Welfare			\$51,000,000	\$65,000,000	\$66,000,000	\$67,000,000
Restrictions on provider taxes				\$15,000,000	\$15,000,000	\$20,000,000
Targeted Case Management			\$30,000,000	\$100,000,000	\$210,000,000	\$230,000,000
State Drug Costs for Dual-Eligibles	\$6,000,000,000	\$6,600,000,000				
MMA-Background Checks for Nursing Home Employees			\$25,000,000	\$36,000,000	\$47,000,000	\$58,000,000
Homeland Security						
State Homeland Security Grant Program		\$600,000,000	\$513,000,000	\$25,000,000		\$690,000,000
Law Enforcement Terrorism Prevention		\$100,000,000		\$25,000,000	n/a	\$171,000,000
Metropolitan Medical Response System (MMRS)		\$20,000,000				\$41,000,000
Justice						
SCAAP						\$410,000,000
Transportation						
Real ID Act			\$60,000,000		\$1,000,000,000	\$433,000,000
Other						
Help America Vote Act	\$70,000,000	\$585,000,000				
Total	\$25,722,000,000	\$26,530,000,000	\$22,075,050,358	\$25,306,997,078	\$31,919,676,000	\$33,691,947,000

Denver Office: Tel: 303-364-7700 | Fax: 303-364-7800 | 7700 East First Place | Denver, CO 80230

Washington Office: Tel: 202-624-5400 | Fax: 202-737-1069 | 444 North Capitol Street, N.W., Suite 515 | Washington, D.C. 20001

CBO DETERMINED MANDATES THAT EXCEED THE THRESHOLD

UMRA defines a mandate as any provision in legislation, statute, or regulation that would impose an enforceable duty on state, local, or tribal governments or the private sector, or that would reduce or eliminate the amount of funding authorized to cover the costs of existing mandates. Since 1995, the Congressional Budget Office (CBO) has identified ten laws that contain intergovernmental mandates that exceed the UMRA threshold (\$50 million in 1996 dollars; adjusted annually for inflation, \$68 million in 2008):

- P.L. 110-53 (2007)— requires public transportation agencies and rail carriers are required to implement various security measures and vulnerability assessments, and institute training programs and background checks for certain employees.
- P.L. 110-28 (2007)— incrementally increases the federal minimum wage to \$7.25 per hour.
- P.L. 110-108 (2007)— extends the prohibition on state and local taxation of Internet access until 2011.
- P.L. 109- 222 (2006) —requires all government entities, including state and local governments, to withhold 3 percent on certain, non-essential government payments, made after Dec. 31, 2010 for property or services.
- P.L. 109-171 (2006)—eliminates federal matching funds for administrative expenses funded by incentive payments to states as it relates to the child support enforcement program.
- P.L. 108-458 (2004) — requires states and local governments to meet certain standards for issuing vital-statistics documents. (*Driver's license requirements were repealed and replaced with the REAL ID Act (P.L. 109-13)*).
- P.L. 108-435 (2004) — preempts state authority to tax certain Internet services and transactions.
- P.L. 108-173 (2003)—preempts state taxes on premiums for certain prescription drug plans.
- P.L. 105-185 (1998)—reduces federal funding to administer the Food Stamps program.
- P.L. 104-188 (1996)—increases the minimum wage.

States currently face new costs as it relates to five of these mandates.

Food Stamps: The enactment of the Farm Security and Rural Investment Act of 2002 (P.L 107-171) extended the existing cap set by the 105th Congress (P.L. 105-185) on federal contributions to administrative costs to the Food Stamps program and mandates new semi-annual reporting requirements. A July 1999 General Accounting Office (GAO) report—*Food Stamps Program: States Face Reduced Federal Reimbursements for Administrative Costs*—calculated that the cap set by the 105th Congress provided a minimum savings of \$227 million annually for the federal government. The actual cost to states had been documented at \$197 million annually, as shown in Table 1.

Denver Office: Tel: 303-364-7700 | Fax: 303-364-7800 | 7700 East First Place | Denver, CO 80230

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Preemption of state taxes on premiums for prescription drug coverage: This mandate was contained in the Medicare Prescription Drug, Improvement, and Modernization Act (MMA) of 2003 (P.L. 108-173). CBO reported that this provision would “...result in revenue losses to states that would grow from \$60 million in 2006 to \$90 million in 2010.”⁴ Table 1 assumes a cost shift of \$60 million in FY 2006, with an annual increase of \$6 million through FY 2010.

Extension of the Internet Tax Moratorium: This mandate was contained in the Internet Tax Freedom Act Amendments Act of 2007 (P.L. 110-108), which extends the Internet Tax Moratorium until November 1, 2011 and amends several provisions contained in the 1998 extension of the moratorium. CBO determined that the mandate would result in likely revenue losses to state and local governments of at least \$80 million annually through 2011,⁵ as shown in Table 1.

Increase to the Federal Minimum Wage: Under the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007 (P.L. 110-28), the federal minimum wage incrementally increases from \$5.25 per hour in FY 2007 to \$7.25 per hour in FY 2009. According to the Congressional Budget Office, such an increase would cost states \$100 million in 2008, \$200 million in 2009, and \$300 million in 2010 and 2011,⁶ as shown in Table 1.

Surface Transportation and Rail Security: Under the Implementing the 9/11 Commission Recommendations Act of 2007 (P.L. 100-53), public transportation agencies and rail carriers are required to implement various security measures and vulnerability assessments, and institute training programs and background checks for certain employees. CBO was unable to estimate the impact upon state and local agencies, but expects the costs associated with the law to exceed the UMRA threshold in one of the first five years after enactment.⁷ Table 1 does not reflect the costs associated with these mandates.

NCSL DETERMINED MANDATES

NCSL's Mandate Monitor uses a definition of "unfunded mandate" that is broader than the one included in UMRA, because state and local officials view unfunded mandates more expansively. They interpret almost any federal decision that requires them to spend state or local funds as a cost shift. This includes legislation that: establishes conditions of grant aid; reduces current funds available for existing programs without a similar reduction in requirements; extends or expands existing or expiring mandates; creates a loss in state or local funds; compels coverage of a certain population under a current program without providing full or adequate funds for this coverage; and, creates underfunded national expectations. NCSL has identified the following unfunded or underfunded mandates in FY 2004 through FY 2008 and the president's FY 2009 budget proposal.

EDUCATION

Individuals with Disabilities Education Act (IDEA): Congress continues to underfund the Individuals with Disabilities Education Act (IDEA) despite recognizing

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its responsibility during the 2004 reauthorization when it established a seven-year “glide path” to move the federal government towards funding 40 percent of the average per pupil expenditure (APPE) by FY 2011.

Failure by the federal government to provide 40 percent APPE places, on average, \$10 to \$15 billion annually on the backs of state budgets. This does not take into account research that has shown that the cost of educating a child with special needs is twice that of the non-special needs student population, not 40 percent. Adjusting for the actual costs associated with educating a child with special needs would result in the gap in funds for IDEA in the range of \$30 billion annually. While CBO considers any requirements under IDEA a condition of grant aid, states are really not in a position to refuse participation in the grant program because any state that refused to participate in IDEA would be open for suit in federal court for not complying with civil rights law.

FY 2004: In FY 2004, an additional \$9.8 billion was needed for the federal government to reach the current year’s authorized level of funding.

FY 2005: In FY 2005, an additional \$10 billion was needed for the federal government to reach the current year’s authorized level of funding.

FY 2006: The FY 2006 appropriation was \$4 billion below the current authorized level. This does not include the additional \$6.4 billion needed to meet the federal government’s commitment to provide 40 percent APPE.

FY 2007: Under the continuing resolution (CR), IDEA is funded at \$6.25 billion below the FY 2007 authorized level. This does not include the additional \$4.6 billion needed to meet the federal government’s commitment to provide 40 percent APPE.

FY 2008: The FY 2008 appropriation was \$8.28 billion below the below the FY 2008 authorized level. This does not include the additional \$7.11 billion needed to meet the federal government’s commitment to provide 40 percent APPE.⁸

FY 2009: Under the president’s FY 2009 budget proposal, IDEA is funded at \$10.23 billion below the FY 2009 authorized level. This does not include the additional \$5.69 billion needed to meet the federal government’s commitment to provide 40 percent APPE.⁹

No Child Left Behind (NCLB): Congress continues to underfund implementation of the NCLB Act.

FY 2004: The FY 2004 omnibus appropriations bill provided \$12.3 billion to implement the NCLB, approximately \$9.6 billion under the authorized amounts for mandated activities that states must implement.

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CO 80230

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FY 2005: The FY 2005 omnibus appropriations bill provided \$12.7 billion in grants to Local Education Agencies (LEAs) to implement the NCLB, approximately \$7.7 billion under the authorized level.

FY 2006: Congress provided \$12.7 billion to implement the NCLB, approximately \$10 billion below the authorized amount for mandated activities that states must implement.

FY 2007: Under the continuing resolution, NCLB was funded at more than \$12 billion below the FY 2007 authorized level.

FY 2008: Because NCLB is set to be reauthorized, table I assumes a gap in funding similar to that in FY 2007.

FY 2009: Because NCLB is set to be reauthorized, table I assumes a gap in funding similar to that in FY 2007.

Education Technology Grants: States use the funds from this grant program to implement requirements under NCLB. Because NCLB is currently underfunded, states will have to absorb these costs.

FY 2004: n/a

FY 2005: This program received \$496 million in federal funds in FY 2005, down from \$691 million in FY 2004, creating a \$195 million cost shift to states.

FY 2006: This program received \$272 million in federal funds in FY 2006, down from \$496 million in FY 2005, creating a \$242 million cost shift to states.

FY 2007: Under the CR, this program received \$272 million in federal funds for FY 2007.

FY 2008: This program received \$267 million in federal funds in FY 2008, \$5 million below FY 2007 levels.

FY 2009: Under the president's FY 2009 budget proposal, funds for this program would be eliminated, creating a cost shift of \$267 million.

ENVIRONMENT

Clean Water State Revolving Fund (SRF): These funds are used by states for compliance with federal clean water mandates. A needs survey conducted by the U.S. Environmental Protection Agency reported that the funds available are well below the amount needed for states to maintain infrastructure.

FY 2004: n/a

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FY 2005: This program received \$1.09 billion in federal funds in FY 2005, down from \$1.34 billion in FY 2004, creating a \$250 million cost shift to states.

FY 2006: This program received \$891 million in FY 2006, down from \$1.091 in FY 2005, creating a \$204 million cost shift to the states.

FY 2007: This program received \$1.084 billion in FY 2007, down from \$1.091 in FY 2006, creating a \$10 million cost shift to the states.

FY 2008: This program received \$689 million in FY 2008, down from \$1.091 billion in FY 2007, creating a \$395 million cost shift to the states in FY 2008.

FY 2009: The president's budget proposes to reduce funds for this program by \$134 million in FY 2009.

HEALTH/HUMAN SERVICES

CDC Bioterrorism: This program provides funds to improve preparedness for bioterrorism, infectious disease outbreaks, and public health emergencies.

FY 2004: The Secretary of the Department of Health and Human Services sent a request to Congress to reprogram \$55 million of the FY 2004 bioterrorism funds administered by the Centers for Disease Control and Prevention (CDC). Although many states anticipated receiving these funds, reprogrammed funds are not considered unfunded mandates.

FY 2005: n/a

FY 2006: This program received \$761 million in FY 2006, down from \$919 million in FY 2005, creating a \$158 million cost shift to the states.

FY 2007: While this program received level funds in FY 2007, legislation was enacted that requires a 5 percent match in FY 2009, growing to 10 percent in FY 2010.

FY 2008: This program received \$746 million in FY 2008, down from \$767 million in FY 2007, creating a \$21 million cost shift to the states.

FY 2009: The president's budget proposes to reduce funds for this program by \$137 million in FY 2009.¹⁰ States will also face an additional 5 percent match under the Pandemic and All-Hazards Preparedness Act (P.L. 109-417), which would result in an additional cost shift to states of \$30 million in FY 2009. Table 1 assumes a cost shift of \$167 million to reflect both the reduction in funds and the new match requirement.

The Deficit Reduction Act (DRA) of 2005: The Deficit Reduction Act (P.L. 109-171) (DRA) included several provisions that reduce the federal government's commitment to

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state-federal partnerships. The majority of those changes were part of the reauthorization of the Temporary Assistance for Needy Families (TANF) program.

TANF-Child Care: A cost estimate for H.R. 240—the Personal Responsibility, Work, and Family Promotion Act of 2005, which contained child care provisions similar to those in the DRA—suggested that states would face an estimated \$8.3 billion in increased spending over 5 years because of changes to work requirements. Under the DRA, states were provided an additional \$1 billion for child care, leaving states with an additional \$7.3 billion in costs over 5 years. In addition, there have been some reports that suggest this cost shift could be higher.

FY 2007 – FY 2009: Table 1 assumes a \$1.46 billion annual cost shift to states by dividing the net \$7.3 billion evenly over 5 years, starting in FY 2007.

Child Support Incentive Enforcement Payments: In 2008, the DRA eliminated the federal match for state child support spending, which allows states to draw down federal funds to assist states with collections of child support payments.

FY 2008: CBO estimated that federal spending would be reduced by \$472 million in FY 2008.¹¹ This cost shift does not include an estimated annual \$100 million increase in funds by states to avoid a 50 percent reduction in child support enforcement funding.¹² Table 1 assumes a \$572 million cost shift to states.

FY 2009: CBO estimated that federal spending would be reduced by \$639 million in FY 2009.¹³ Table 1 assumes an additional \$100 million in annual state spending to avoid a 50 percent reduction in child support enforcement funding.¹⁴ Table 1 assumes a \$739 million cost shift to states.

Child Welfare: Under the DRA, states would face a reduction in funds for child welfare because of limitations on reimbursement for administrative expenses relating to foster care and a clarification of eligibility standards for adoption and foster care assistance.

FY 2007: CBO estimated that federal spending would be reduced by \$65 million in FY 2007.¹⁵

FY 2008: CBO estimated that federal spending would be reduced by \$66 million in FY 2008.¹⁶

FY 2009: CBO estimated that federal spending would be reduced by \$67 million in FY 2009.¹⁷

Restrictions on Provider Taxes: This provision preempts state taxing authority.

FY 2007: CBO estimated that direct federal spending would be reduced by \$15 million in FY 2007.¹⁸ The DRA did provide a sunset clause for states that enacted a provider tax on Medicaid managed care organizations prior to December 8, 2005—California, Georgia, Michigan, Missouri, Ohio, Oregon and Pennsylvania— which will sunset on Oct. 1, 2009.

FY 2008: CBO estimated that direct federal spending would be reduced—a cost shift to states—by \$15 million in FY 2008.¹⁹

FY 2009: CBO estimated that direct federal spending would be reduced—a cost shift to states—by \$20 million in FY 2009.²⁰

Targeted Case Management: The DRA clarified that “...case management services under Medicaid must help recipients gain access to needed medical, social, education, and other services and would specify that Medicaid will not cover services that are normally provide under other programs (including certain activities provided by foster care programs).²¹

FY 2004: n/a

FY 2005: n/a

FY 2006: CBO estimates that the reduction in federal spending—a cost shift to states—will be \$30 million in FY 2006.²²

FY 2007: CBO estimates that the reduction in federal spending—a cost shift to states—will be \$100 million in FY 2007.²³

FY 2008: CBO estimates that the reduction in federal spending—a cost shift to states—will be \$210 million in FY 2008.²⁴

FY 2009: CBO estimates that the reduction in federal spending—a cost shift to states—will be \$230 million in FY 2009.²⁵

State Drug Costs for Dual Eligibles: This number is derived by starting with \$4.1 billion in 2000--a Kaiser estimate of state drugs costs for dual eligibles—and assumes that every state’s prescription drug costs for dual-eligibles grow at a rate of 10 percent per year which is expected to be low.

FY 2004: This number is derived by starting with \$4.1 billion in 2000--a Kaiser estimate of state drugs costs for dual eligibles—and assumes that every state’s

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prescription drug costs for dual-eligibles grows at a rate of 10 percent per year which is expected to be low.²⁶

FY 2005: This number is derived by starting with \$4.1 billion in 2000--a Kaiser estimate of state drugs costs for dual eligibles—and assumes that every state’s prescription drug costs for dual-eligibles grows at a rate of 10 percent per year (which is expected to be low-growth estimate).

FY 2006- FY 2009: n/a

Background Checks for Nursing Home Employees

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (P.L. 108-173) requires states to conduct background checks for potential employees of nursing facilities, including skilled nursing facilities. According to the CBO, “States would be required to check appropriate state records, transmit information between nursing facilities and the Attorney General, review all of the information, and submit reports to facilities. CBO estimates that approximately 1.5 million background checks would be necessary each year once the background checks are fully implemented and that the cost of each check would be about \$50.”²⁷

FY2006: CBO estimated that this requirement would cost states \$25 million in FY 2006.²⁸

FY 2007: Table 1 assumes an \$11 million increase from FY 2006 to FY 2007, creating a \$36 million cost shift to states.

FY 2008: Table 1 assumes an \$11 million increase from FY 2007 to FY 2008, creating a \$47 million cost shift to states.

FY 2009: Table 1 assumes an \$11 million increase from FY 2008 to FY 2009, creating a \$58 million cost shift to states. CBO estimated that this figure would rise to \$80 million in FY 2010.²⁹

HOMELAND SECURITY

State Homeland Security Grant Program (SHSGP): This program provides funds to states and territories for planning, equipment, training, exercise, management and administration of emergency prevention, preparedness, and response.

FY 2004: n/a

FY 2005: This program received \$1.063 billion in federal funds in FY 2005, down from \$1.7 billion in FY 2004, creating a \$600 million cost shift to the states.

FY 2006: This program received \$550 million in federal funds in FY 2006, down from \$1.06 in FY 2005, creating a \$513 million cost shift to states.

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FY 2007: This program received \$525 million in federal funds in FY 2007, down from \$550 million in FY 2006, creating a \$25 million cost shift to states.

FY 2008: n/a

FY 2009: Under the President's FY 2009 budget, this program would receive \$200 million in FY 2009, down \$690 million in FY 2008. Law Enforcement Terrorism Prevention Program (LETPP) will receive 25 percent of funds allocated to SHSGP.³⁰

Law Enforcement Terrorism Prevention Program (LETPP): This program assists state and local law enforcement agencies to prevent and respond to potential acts of terrorism. Under the Implementing the 9/11 Commission Recommendations Act of 2007 (P.L. 110-53), the LETPP was integrated into the SHSGP and the UASI; LETPP will receive 25 percent of funds under each program.

FY 2004: n/a

FY 2005: This program received \$400 million in federal funds in FY 2005, down from \$500 million in FY 2004, creating a \$100 million cost shift to the states.

FY 2006: n/a

FY 2007: This program received \$375 million in federal funds in FY 2007, down from \$400 million in FY 2006, creating a \$25 million cost shift to states.

FY 2008: n/a

FY 2009: Under the president's FY 2009 budget, this program would receive approximately \$256 million in FY 2009, down from approximately \$427 million in FY 2008, resulting in a cost shift of \$171 million in FY 2009.³¹

Metropolitan Medical Response System (MMRS): The MMRS program assists highly populated jurisdictions to develop plans, conduct training and exercises, and acquire pharmaceuticals and protective equipment to achieve enhanced capabilities in order to respond to a mass casualty event caused by weapons of mass destruction, hazardous materials, epidemic disease outbreaks and natural disasters.³²

FY 2004: n/a

FY 2005: The FY2005 Homeland Security Appropriations bill provided \$30 million in federal funds for MMRS, down from \$50 million in FY 2004, creating a \$20 million cost shift to states.

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FY 2006- FY 2008: n/a

FY 2009: Under the president's FY 2009 budget proposal, funds for this program are eliminated, creating a \$41 million cost shift to states.

JUSTICE

State Criminal Alien Assistance Programs (SCAAP): "SCAAP provides federal payments to states and localities that incurred correctional officer salary costs for incarcerating undocumented criminal aliens with at least one felony or two misdemeanor convictions for violations of state or local law, and incarcerated for at least 4 consecutive days during the reporting period."³³

FY 2004- FY 2008: n/a

FY 2009: Under the president's FY 2009 budget proposal, funds for this program are eliminated, creating a \$410 million cost shift to states. The President has made similar proposals for the last several years.

TRANSPORTATION

Federal Standards for State-issued Driver's licenses and Identification Cards: Under the Real ID Act (contained in *P.L. 109-13*), states are required to implement new federal standards for the issuance of driver's licenses (DL) and identification cards (ID) by May 11, 2008, or the federal government will not recognize the state's DL/ID for "official purposes." In Jan. 2008, the Department of Homeland Security (DHS) released the final regulation to implement the requirements of the Real ID. The final regulation estimated the state costs of implementation at nearly \$4 billion over 10 years. As the May 2008 deadline approaches, Congress has provided less than 3 percent of the estimated costs to states for to implement the requirements of the Real ID.

FY 2004 - FY 2005: n/a

FY 2006: Under the Department of Homeland Security Appropriations Act 2006 (P.L. 109-90), Congress provided \$40 million toward implementation of REAL ID.

FY 2007: Congress failed to provide any funds for state implementation of the Real ID.

FY 2008: Under the Consolidated Appropriations Act, 2008 (P.L. 110-161), Congress provided \$50 million toward implementation of REAL ID. Table 1 assumes \$1 billion in start-up costs for states based upon estimated state startup costs associated with implementation of the Real ID,³⁴ as determined by NCSL, the National Governors Association and the American Association of Motor Vehicle Administrators.

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FY 2009: The President’s FY 2009 budget proposal would eliminate funds for the Real ID grant program in lieu of the National Security and Terrorism Prevention Grant Program, of which \$110 million will be available for competitive grants for states to address national vulnerabilities as determined by the Secretary of the Department of Homeland Security (DHS), and will include the Real ID. DHS has estimated the 10 year costs of state implementation of the Real ID at no more than \$3.9 billion. Table 1 assumes \$433 million cost shift to states for FY2009 – FY2018.³⁵

OTHER

Help America Vote Act (HAVA)—Election Reform: HAVA contains minimum federal standards on various aspects of election administration. HAVA called for a total of \$3.9 billion in federal funds to assist states with its implementation. Conditions for receiving this funding are for states to secure a 5% match and to pass state HAVA enabling legislation. While the authorization for appropriation ended in FY 2005, Congress still has not met its obligation to fully fund the requirements. CBO estimated total costs to state and local government would be \$1.7 to \$3.5 billion between FY2003-FY 2007.³⁶ However, the actual costs to states under HAVA is estimated to be much higher as new state laws pursuant to HAVA require voter ID, pollworker training and audits of election results, and the statewide de-certification of voting machines necessitates either a return to the paper ballot or the purchase of new statewide voting systems for a number of states. Table 1 does not reflect these additional costs.

FY 2003: Under the Consolidated Appropriations Act of 200 (P.L. 108-7), Congress provided \$830 million to assist states with its implementation, \$570 million below the authorized levels.

FY 2004: Under the Consolidated Appropriations Act of 2004 (P.L. 108-199), Congress provided \$1.5 billion to assist states with its implementation, but still \$70 million short of the federal authorized levels.

FY 2005: Under the Consolidated Appropriations Act of 2005 (P.L. 108-447), Congress provided \$15 million to assist states with its implementation, \$585 million below the authorized levels.

FY 2006: n/a

FY 2007: n/a

FY 2008: n/a

FY 2009: No funds were provided to states to assist with implementation under the President’s budget proposal.

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- 1 Incorporates H.R. 1 (P.L. 110-53) as a CBO identified mandates that exceeds the UMRA threshold.
- 2 Cost shifts are not reported in certain programs in a given year because the cost shift was enacted at a later date, received level or increased funding over the previous fiscal year, or could not otherwise be determined.
- 3 Based upon an initial review of the President's FY 2009 budget proposal.
- 4 Medicare Prescription Drug and Modernization Act of 2003, (Washington, D.C.: CBO, July 2003).
- 5 Congressional Budget Office, H.R. 3678, the Internet Tax Freedom Act, Washington, D.C.: CBO, October 12, 2007).
- 6 See Congressional Budget Office, H.R. 2, Fair Minimum Wage Act of 2007, (Washington, D.C.: CBO, January 11, 2007).
- 7 Congressional Budget Office, H.R. 1401, Surface Transportation and Rail Security Act of 2007, (Washington, D.C.: CBO, March 21, 2007).
- 8 Assumes middle alternative projections of Average Per Pupil Expenditure. See National Center for Education Statistics, Projections of Education Statistics, Table 34. Actual and alternative projected numbers for current expenditures and current expenditures per pupil in fall enrollment in public elementary and secondary schools: 1991-92 through 2016-17 (Washington, D.C., December 18, 2007); assumes a one percent, annual growth of IDEA student population. See National Center for Education Statistics, Digest of Education Statistics 2006, Table 47. Children 3 to 21 years old served in federally supported programs for the disabled, by type of disability: Selected years, 1976-77 through 2005-06 (Washington, D.C., July 26, 2007).
- 9 Assumes middle alternative projections of Average Per Pupil Expenditure. See National Center for Education Statistics, Projections of Education Statistics, Table 34. Actual and alternative projected numbers for current expenditures and current expenditures per pupil in fall enrollment in public elementary and secondary schools: 1991-92 through 2016-17 (Washington, D.C., December 18, 2007); assumes a one percent, annual growth of IDEA student population. See National Center for Education Statistics, Digest of Education Statistics 2006, Table 47. Children 3 to 21 years old served in federally supported programs for the disabled, by type of disability: Selected years, 1976-77 through 2005-06 (Washington, D.C., July 26, 2007).
- 10 In FY 2009, CDC will implement a shortened grant period to better align these grants with state budget cycles and other federal grant programs. The shorter grant period reduces the amount of funds needed in FY 2009 to support the same month to month funding received in FY 2008.
- 11 Congressional Budget Office, S. 1932: Deficit Reduction Act of 2005, (Washington, D.C.: CBO, January 27, 2006).
- 12 Ibid
- 13 Ibid.
- 14 Ibid.
- 15 Congressional Budget Office, S. 1932: Deficit Reduction Act of 2005, (Washington, D.C.: CBO, January 27, 2006).
- 16 Ibid.
- 17 Ibid.
- 18 Ibid.
- 19 Ibid.
- 20 Ibid.
- 21 Congressional Budget Office, S. 1932: Deficit Reduction Act of 2005, (Washington, D.C.: CBO, January 27, 2006).
- 22 Ibid.
- 23 Ibid.
- 24 Medicaid Program; Optional State Plan Case Management Services, 72 Fed. Reg. 68077 (December 4, 2007)
- 25 Ibid.
- 26 Andy Schneider, et. al., The Medicaid Resource Book, The Kaiser Commission on Medicaid and the Uninsured; (Washington, D.C.: July 2002).
- 27 Congressional Budget Office, H.R. 1: Medicare Prescription Drug and Modernization Act of 2003, (Washington, D.C.: CBO, July 23, 2003)
- 28 Ibid.
- 29 Ibid.
- 30 Under the Implementing the 9/11 Commission Recommendations Act of 2007 (P.L. 110-53), the LETPP was integrated into the SHSGP and the Urban Area Security Initiative (UASI). LETPP will receive 25 percent of funds appropriated to the UASI and SHSGP programs in future years.

31 Under the Implementing the 9/11 Commission Recommendations Act of 2007 (P.L. 110-53), the LETPP will receive 25 percent of funds appropriated to the UASI and SHSGP programs. The president's budget proposal would provide \$200 million for SHSGP and \$825 million for UASI, resulting in \$256 million for LETPP, a reduction of \$171 million in FY 2009.

32 <http://www.fema.gov/mmrs/>

33 Bureau of Justice Assistance <http://www.ojp.usdoj.gov/BJA/grant/scaap.html>.

34 NCSL, National Governors Association and the American Association of Motor Vehicle Administrators; The Real ID Act: National Impact Analysis (Washington, D.C., September 2006)

35 The final regulation estimated the state costs of implementation at \$3.9 billion over 10 years. NCSL/NGA/AAMVA estimated state startup costs associated with implementation of the Real ID at \$1.0 billion. The remainder of the estimated costs to states is divided equally between FY 2009 and FY 2018.

36 Congressional Budget Office, H.R. 3295, Help America Vote Act of 2001, (Washington, D.C.: CBO, November 30, 2001).