



Why it Matters: Minnesota Counts on Federal Appropriations to Help Provide Vital Services

Federal funding provides almost one in every four dollars of Minnesota's state budget, and much of that federal funding is appropriated annually. With the state facing a budget shortfall and an economic slowdown, Minnesota needs a federal budget that funds vital services that make a real difference to Minnesota's quality of life.

How it Works: The Cap on Appropriations Determines Whether Minnesota Will Receive Enough Funding for Essential Services

Each spring, Congress sets out its budget priorities in a Budget Resolution that sets spending ceilings for various appropriations bills. One of the most important decisions is setting the ceiling for non-defense domestic discretionary spending.

Domestic discretionary spending is the part of the budget that funds services such as education, environmental protection and law enforcement. Many of these areas have already endured sizable cuts over the past seven years. As a result, domestic discretionary spending, excluding homeland security, is a smaller share of the economy in 2008 than in 2001, and is at one of the lowest levels in decades.

While federal budget deficits have grown, domestic discretionary programs have not contributed much to that growth. Instead, of the growth in deficits since 2001 resulting from legislation, 85 percent comes from tax cuts and increases in defense, homeland security and other international spending.

The services funded through federal domestic discretionary spending are essential to Minnesotans' quality of life, so the steady erosion in discretionary funding threatens our long-term well-being. Some examples of services funded through federal discretionary spending are described below.

Education

Minnesotans need to be well educated so they can compete in a global economy.

Education funding provided through domestic appropriations includes:

- The Child Care and Development Block Grant (CCDBG), which helps fund child care assistance for low-income parents so that they can work.
- Vocational and Adult Education, which provide adult students the opportunity to earn a high school diploma or equivalency certificate, to acquire workplace skills in English, math and basic skills, or take citizenship classes.
- Workforce Investment Act (WIA) Adult Activities, which is the main source of federal funding for workforce development activities to increase the number of workers in skilled jobs.

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- Head Start, which is a comprehensive preschool program for low income children.
- Funding for K-12 Education, including funding for schools in disadvantaged areas and for educating kids with disabilities.

Affordable Housing

Minnesota suffers from a lack of affordable housing, and the problem is growing. In 2006, one-fourth of Minnesota homeowners and close to half of renters lived in unaffordable housing. Federal appropriations help provide affordable housing opportunities through the Public Housing Capital Fund, which helps local housing agencies place low-income families into affordable housing, and through Section 8 Housing Vouchers, which help families afford a safe and stable place to live.

Environmental Protection

As just one example, the Clean Water State Revolving Fund provides resources to states for construction of wastewater treatment facilities and other water quality improvement projects.

Energy Assistance

Increases in energy prices over the past few years have made the Low-Income Home Energy Assistance Program (LIHEAP) more important than ever. LIHEAP provides funding to help vulnerable households – mostly elderly individuals and people with disabilities – pay their home heating and air conditioning bills.

Community Development

Community Service Block Grants (CSBG) fund Minnesota's local Community Action agencies, which assist low-income Minnesota families with child care, job training, asset building and financial literacy, and finding affordable housing.

Social Services Block Grant (SSBG) funding provides money for a broad range of social services, including services for people with disabilities, abused children and seniors. The Community Development Block Grant (CDBG) funds a broad range of activities that enhance the quality of life in cities and towns across our state. These activities include rehabilitation of blighted houses and assistance for homeless people.

Justice and Law Enforcement

Justice Assistance Grants enable law enforcement agencies to purchase equipment and the tools necessary to enforce our laws and make Minnesota communities safe.

What our Federal Delegation Can Do: Protect Domestic Discretionary Programs That Serve Minnesota

Minnesota's delegation should insist on a fiscally-responsible budget that includes adequate funding for domestic discretionary spending. In setting the domestic discretionary spending level, Congress should be mindful of the impact of their decisions on states. At least 32 states plus the District of Columbia are facing budget deficits in FY 2010, including Minnesota. States are required to balance their budgets – they cannot afford to have their budget challenges worsened by a reduction in federal funding.