

Impact of Proposed Federal Budget Cuts on Massachusetts' Residents

Proposed legislation (H.R. 1) that funds the federal government through the final six months of Fiscal Year 2011 (FY 2011) cuts funding for non-security discretionary programs by \$66 billion, or an average of 14.3 percent.¹ Economists warn that these reductions in federal spending, including grants to states, could increase unemployment and weaken the national economy in the short-term.² They will also significantly decrease funding for programs that invest in our state's long-term economic health and in the well-being of our residents. Below is a brief description of how some³ of these cuts could affect Massachusetts.⁴

- **Head Start**, which provides comprehensive early childhood development services for at-risk children ages zero to five, would immediately be cut \$17 million, enough to serve roughly 2,200 children. (That is *in addition* to the expiration this coming September of 741 slots previously funded by the 2009 Recovery Act—for a combined loss of over 2,900 slots this year.)⁵
- \$16.5 million would be cut from **Education for the Disadvantaged programs** (including Title I) that are especially focused on the state's 295,000 low-income students. Another \$15 million would be cut from federal **School Improvement** funds that are focused on teacher quality and struggling schools.
- \$83 million would be cut from **Pell Grants**, including reducing the value of the maximum discretionary Pell Grant award from \$4,860 to \$4,015, affecting all 135,000 higher education students with those grants in Massachusetts for the school year beginning September 2011. Because of the way the federal government funds Pell Grants, the discretionary grant must stay at 2010 levels in order for an additional award of up to \$870 to be provided to students starting in the year 2014. Therefore, this cut in

¹ Funding for non-security discretionary programs amounts to 15 percent of the federal budget, according to the Office of Management and Budget and other sources from the Administration. The current federal Fiscal Year 2011 runs from Oct. 1, 2010 to Sept. 30, 2011.

² Goldman Sachs published a confidential report stating that H.R. 1 could cause a drop in the country's gross domestic product. Mark Zandi of Moody Analytics predicted that the bill would result in the loss of 700,000 jobs in 2012, available at: http://www.economy.com/dismal/article_free.asp?cid=197630

³ H.R. 1 also cuts many other national programs. While these programs do not provide money directly to Massachusetts, they are important to the state. These include programs such as food inspection, drug safety, child care assistance, and the Center for Disease Control, the agency that plans the response to outbreaks of illness such as pandemic flu. And it eliminates federal funding for scores of programs ranging from Teach for America and the AmeriCorps community service program to the well-regarded YouthBuild initiative.

⁴ The source for information on cuts to Massachusetts, unless otherwise noted, is from the Center on Budget and Policy Priorities' *House Bill Means Fewer Children in Head Start, Less Help for Students to Attend College, Less Job Training and Less Funding for Clean Water*, available at: <http://www.cbpp.org/cms/index.cfm?fa=view&id=3405>

⁵ Source for number of children affected by cuts to Head Start comes from Center for Law and Social Policy (http://www.clasp.org/admin/site/publications/files/hr1_headstart.pdf). Head Start dollar figures are from CBPP with help from the National Head Start Association.

the grant will have to be restored by 2014 in order for this additional grant to be provided to needy students.⁶

- \$1.8 million would be cut from **Vocational and Adult Education** funds including \$150,000 for job training and community transition services to incarcerated youth.
- \$26.3 million would be cut in **job training and employment funds** under the Workforce Investment Act which provides job training and employment assistance to low-income adults and youth who are out of work. Unless new funds are provided later this year, the cut would effectively end services in the coming year for all of the program's 2,600 dislocated workers, 2,400 low-income adults, and 3,900 youths age 14 to 21.
- \$30 million would be cut for needed repairs – such as new roofs or boilers – and revitalization of **public housing** and \$4.6 million would be cut from **HOME** grants that help communities develop more affordable housing options.
- Funding would be eliminated for the **Weatherization Assistance Program**, which provides grants to low-income homeowners and renters for energy efficiency improvements.
- \$390 million in the **Low Income Housing Energy Assistance Program's (LIHEAP)** contingency fund, which provides funding in case of an emergency including a large increase in energy prices, would be cut. In January 2011, the Department of Health and Human Services released almost \$200 million in LIHEAP contingency funds of which Massachusetts received \$8.7 million.⁷
- \$2.7 million would be cut in grants to help address **mental health** and **substance abuse** in Massachusetts.
- \$57 million would be cut from federal funds for **clean and safe water** in Massachusetts.
- \$74 million would be cut from **Community Development** block grants for the state.
- Funding for the **Community Services Block Grant** would be eliminated for the remainder of FY 2011. In FY 2010 Massachusetts received \$17.3 million in funds to provide services in low-income communities throughout the state.⁸
- \$2.9 million would be cut from **law enforcement** assistance through the Justice Department.

⁶ For a further explanation of this cut, see explanatory box on page 7 of CBPP paper, *House Bill Means Fewer Children in Head Start, Less Help for Students to Attend College, Less Job Training and Less Funding for Clean Water*, available at: <http://www.cbpp.org/cms/index.cfm?fa=view&id=3405>

⁷ The LIHEAP contingency fund provides emergency funding in the case of a natural disaster or if energy prices increase substantially. Unlike the regular LIHEAP grants that each state receives, the contingency fund is allotted at the discretion of the federal Department of Housing and Human Services (HHS) so it is not clear how much the state might lose because of this cut. Allocation of FY 2011 funding including the contingency funds is available at http://www.acf.hhs.gov/news/press/2011/fy11_liheap_funds.html

⁸ HHS information on the regular allocation of CSBG funds to Massachusetts in FY 2010 is available at <http://www.acf.hhs.gov/programs/ocs/csbg/allocations/2010allocations.htm>