

THE BOND BUYER

2020 federal spending deal boosts funding for state and local governments

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States and cities are getting increases in federal aid for community development, transit and highways under a 2020 federal budget agreement expected to be approved by the House and Senate this week.

The House voted 297 to 120 Tuesday to approve a package that includes eight of the 12 spending bills, permanent repeal of three health-related taxes that were part of the Affordable Care Act and an increase in the minimum age to purchase tobacco and e-cigarette products to 21.

In a second vote, the House approved the remaining four spending bills, including funding for the Department of Defense and Department of Homeland Security, in a 280 to 138 vote.

The budget includes a \$125 million increase in Community Development Block Grants to \$3.425 billion; a \$100 million increase in the HOME program to \$1.35 billion for affordable housing production and preservation; a \$141 million increase in Homeless Assistance grants to \$2.77 billion; and a \$25 million increase in the Choice Neighborhoods program.

In addition, there is a \$550 million increase for the Head Start program to \$10.6 billion and another \$550 million increase for Child Care and Development Block Grants to \$5.826 billion.



Sen. Patrick Leahy, D-Vt., is the ranking Democrat on the Senate Appropriations Committee. **Bloomberg News**

The administration, which requested \$8.6 billion for a barrier wall along the southern U.S. border, will receive level funding of \$1.375 billion for 2020, the same amount as in fiscal 2019. There is no prohibition against the administration redirecting additional money allocated for military construction projects, although it would come at the risk of additional adverse publicity about projects that are defunded.

“Any successful compromise will leave both sides unhappy,” Sen. Patrick Leahy of Vermont, ranking Democrat on the Senate Appropriations Committee, said in a press statement. “But this is a strong, bipartisan bill that makes real and historic investments in the American people and communities.”

According to Leahy’s office, transit and rail-related programs will receive \$15.7 billion, nearly \$1.2 billion more than the White House budget request.

There’s also a small \$12 million increase in funding for Federal Highway Administration activities above fiscal 2019 funding levels. Included in that overall funding is \$781 billion in FHWA formula funds and \$1.15 billion for bridge repair and replacement.

Grants to state and local law enforcement are increasing by \$245.5 million to \$3.28 billion in the new budget. Among the highlights is an increase of \$123.7 million for the Byrne-JAG program to \$547.2 million and \$142 million more than the administration's request, according to congressional Democrats. In addition, the Community Oriented Policing Services hiring program is increased by \$6.5 million to \$235 million, which is \$136 million more than the administration asked for.

The Public Housing Capital program, which President Trump's budget proposed to eliminate, would instead receive a \$95 million increase to \$2.87 billion for local public housing agencies to perform maintenance and rehabilitation of the nation's 1 million public housing units.

Other programs targeted for elimination by the administration that would survive in fiscal 2020 include Low Income Home Energy Assistance, after school and teacher training programs; Rural Development Grant programs; the Legal Services Corporation, and the Anti-Heroin and Anti-Meth Task Forces.

The deal comes in the third month of the 2020 federal fiscal year, which is less of a delay than the 2019 budget which was finally approved during the fifth month of the fiscal year in February in the wake of a partial government shutdown from Dec. 22 through Jan. 25. In fiscal 2019 only five of the 12 annual spending bills were adopted prior to the start of the fiscal year.

This fiscal year, none of the 12 bills have been signed into law on time but the government has continued uninterrupted operations under a stopgap spending bill that expires at midnight Friday.