

ARIZONA
MONTHLY FISCAL HIGHLIGHTS
January 2004

January General Fund revenues were \$612.5 million. Collections were \$8.8 million above the original FY 2004 forecast for the month, bringing the total forecast variance after 7 months to \$126.9 million. Year-to-date collections of \$3.8 billion are a total of 11.3% above last year. As we have noted in previous months, adjusting for tax amnesty revenues, the one-time federal cash assistance grant, judicial enhancement collections and Urban Revenue Sharing funds provides a more accurate picture of economic growth. After making these adjustments, year-to-date collections are up 6.6% for the first 7 months of the fiscal year compared to last year.

We will continue to measure revenue collections against the original budget forecast until the Legislature enacts a new budget. The JLBC FY 2005 Budget has already incorporated most of the year-to-date surplus through the first 6 months in the revised FY 2004 estimates. The new January collections are approximately \$12.1 million above these revised estimates. The January collections were higher than expected in some of the revenue categories that had been revised downward in the new forecast.

This month's report also includes information on the state's federal funds. Over the last year, funding for major federal assistance programs to the state has increased by 16.2% to a level of \$5.9 billion.

General Fund Revenues
Compared to Original FY 2004 Forecast and FY 2003 Collections
(\$ in Millions)

	FY 2004 Collections	Difference From Forecast ^{1/}	Difference from FY 2003 ^{2/}
January	\$ 612.5	\$ 8.8	\$ 10.4
Year-to-Date	\$3,820.9	\$126.9 ^{3/}	\$241.5

^{1/} Original FY 2004 budget forecast.

^{2/} Excludes federal cash assistance grant, URS, judicial enhancement and amnesty deposit.

^{3/} By the end of the fiscal year, amnesty may generate an additional \$22 million above forecast.

Sales Tax revenue in December increased by 4.9% (based on preliminary numbers), lowering the year-to-date growth rate to 7.1%. Sales tax collections are now \$79.7 million above the forecast for the year. January 2004 was the first month the Department of Revenue used its new computer system to process Transaction Privilege Tax collections. While the transition to the new system is complete, with more than 98% of the monies properly distributed, final reconciliation of the January receipts has not yet occurred. The figures shown are based on the best information available at print time.

Individual Income Tax collections in January were virtually flat compared to last year, increasing by only 0.2%. Year-to-date, net collections are up by 0.9%. January's withholding tax collections were down by (2.0)% compared to last year, partially due to one less collection day this year, and the ongoing withholding rate issue. Estimated and final payments were 9.0% or \$5.6 million above last year. Refunds were 6.1% or \$1.0 million above last year. Net collections were \$(4.5) million below the January forecast. The year-to-date forecast error through 7 months is \$(21.5) million.

Corporate Income Tax revenue continued to run well ahead of expectations. January collections netted \$18.0 million, which was \$6.2 million more than the forecast. The \$243.3 million total for the year to date now stands 47.7% above the level from a year ago.

Tax Amnesty – This report includes no new amnesty deposits to the General Fund. Additional deposits are expected in future months.

Judicial Collection Plan – The enacted budget includes a plan that requires 75% of excess court collections over FY 2003 collections be deposited into the General Fund (up to a maximum of \$45 million). Deposits through January total \$4.6 million. These monies will be distributed to state agencies to defray the employer cost of state employee health insurance and retirement.

Recent Economic Indicators: The economic data continued to show improving growth. The Conference Board's **U.S. Consumer Confidence Index** jumped to 96.8 in January, its highest level since July 2002. The **U.S. Index of Leading**

JLBC

Economic Indicators advanced again with a solid 0.5% increase in January. The improvement was broad-based, with consumer sentiment, stock prices, manufacturing hours worked, and vendor performance all making contributions.

The high-technology sector stalled slightly in December. **U.S. Semiconductor Billings** (3-month moving average) dipped 0.7% to \$3.032 billion. Even so, sales were 16.8% higher than the level from a year ago.

The **U.S. Consumer Price Index** rose 0.5% in January, with soaring fuel prices accounting for more than three-fourths of the increase. The “core” CPI, excluding food and fuel costs, increased just 0.2% last month.

There were no new statistics on Arizona’s job market last month. The Arizona Department of Economic Security, which is in the process of producing its annual revisions, will release January’s results on March 4th. Similarly, **the Arizona Index of Leading Economic Indicators** was not updated, since it uses key components from the monthly employment survey.

Other data on Arizona’s economy reflected improving conditions. **The Arizona Tourism Barometer** rebounded to 94.6 in December. All the components showed positive readings, with hotel and motel retail sales showing the most

strength. The **Arizona Business Conditions Index** climbed more than two points to 68.2 in January (readings above 50 signal rising economic growth). The employment component made the strongest contribution.

Meanwhile, preliminary estimates reported **Arizona Personal Income** topped \$150 billion (seasonally adjusted annual rate) in third quarter 2003. The 1.4% growth from the prior quarter ranked 12th among the fifty states.

Among the results from state government programs, **the number of TANF recipients** declined again in December. However, average payments per client for the year-to-date were 5.1% above the forecast.

From November through January, **the Department of Corrections’ inmate population** grew by an average of 56 inmates per month. This growth rate was below the budgeted rate of 118 net new inmates per month.

The number of acute-care **AHCCCS clients** declined 1.0% during the last three months but remained 5.4% above last year’s level. Growth in the **Proposition 204 caseload** slowed somewhat, with a 0.9% increase reported during the latest three-month period. The caseload level remained 18.0% higher than a year ago.

RECENT ECONOMIC INDICATORS				
<u>Indicator</u>	<u>Time Period</u>	<u>Current Value</u>	<u>Change From Prior Period</u>	<u>Change From Prior Year</u>
Arizona				
-Unemployment Rate	December	4.8%	0.0%	(1.1)%
-Jobs	December	2.346 million	0.4%	2.0%
-Contracting Tax Receipts (3 month average)	October-December	\$47.2 million	0.3%	13.4%
-Retail Sales Tax Receipts (3 month average)	October-December	\$122.8 million	(0.6)%	7.2%
-Arizona Tourism Barometer	December	94.6	3.8%	0.6%
-Leading Indicators Index	November	122.6	0.2%	4.2%
-Business Conditions Index (>50 signifies expansion)	January	68.2	3.2%	33.7%
-Arizona Personal Income	3 rd Quarter 2003	\$150.5 billion	1.4%	5.1%
-AHCCCS Recipients (3 month average)				
Regular	November-January	571,275	(1.0)%	5.4%
Proposition 204		173,434	0.9%	18.0%
-TANF Recipients (3 month average)	October-December	126,231	(1.6)%	5.8%
-DOC Inmate Growth (3 month average)	November-January	31,260	10 inmates	1,635 inmates
U.S.				
-Gross Domestic Product	4 th Quarter 2003	\$10.597 trillion	1.0%	4.3%
-Consumer Confidence	January	96.8	5.6%	22.8%
-Leading Indicators Index	January	115.0	0.5%	3.4%
-U.S. Semiconductor Billings (3 month moving average)	October-December	\$3.032 billion	(0.7)%	16.8%
-Consumer Price Index (3 month moving average)	November-January	184.7	0.0%	1.9%

State of Arizona

General Fund Revenue: Change from Previous Year and Budgeted Forecast

January, 2004

	Current Month					FY 2004 YTD (Seven Months)				
	Actual January 2004	Change From				Actual January 2004	Change from			
		January 2003		Budget Forecast			January 2003		Budget Forecast	
		Amount	Percent	Amount	Percent		Amount	Percent	Amount	Percent
Taxes										
Sales and Use	\$311,068,000	\$14,530,307	4.9 %	\$9,141,869	3.0 %	\$1,905,507,735	\$126,973,015	7.1 %	\$79,747,572	4.4 %
Income - Individual	267,054,555	494,229	0.2	(4,533,679)	(1.7)	1,474,079,338	13,701,805	0.9	(21,551,285)	(1.4)
- Corporate	18,043,444	5,309,994	41.7	6,164,848	51.9	243,258,013	78,556,460	47.7	49,776,188	25.7
Property	(6,052,725)	(3,097,338)	104.8	(6,613,437)	N/A	21,046,540	3,499,580	19.9	3,586,531	20.5
Luxury	5,794,930	1,868,820	47.6	259,355	4.7	35,374,179	(5,602,912)	(13.7)	(3,374,846)	(8.7)
Insurance Premium	20,985,132	21,137,263	N/A	5,182,180	32.8	91,632,147	30,444,844	49.8	16,600,002	22.1
Estate	2,521,651	(28,184,402)	(91.8)	(3,050,049)	(54.7)	23,159,717	(42,481,896)	(64.7)	(15,842,183)	(40.6)
Other Taxes	91,217	10,086	12.4	(305,683)	(77.0)	1,787,263	(486,049)	(21.4)	(991,037)	(35.7)
Sub-Total Taxes	\$619,506,204	\$12,068,959	2.0 %	\$6,245,404	1.0 %	\$3,795,844,932	\$204,604,847	5.7 %	\$107,950,942	2.9 %
Other Revenue										
Lottery	6,383,700	(3,299,600)	(34.1)	0	0.0	24,292,300	3,772,000	18.4	0	0.0
License, Fees and Permits	2,046,203	(31,773)	(1.5)	146,644	7.7	14,013,289	(112,771)	(0.8)	1,314,453	10.4
Interest	1,483,087	(184,454)	(11.1)	(394,396)	(21.0)	18,780,423	8,931,908	90.7	7,770,361	70.6
Sales and Services	6,328,100	(162,665)	(2.5)	(129,965)	(2.0)	29,874,801	1,323,335	4.6	(1,179,238)	(3.8)
Other Miscellaneous	4,842,234	2,765,224	133.1	2,486,631	105.6	20,033,778	12,066,965	151.5	4,888,276	32.3
Disproportionate Share	0	0	0.0	0	0.0	5,625,187	5,625,187	0.0	5,625,187	0.0
Transfers and Reimbursements	679,542	(686,064)	(50.2)	495,088	268.4	12,143,612	8,276,248	214.0	344,989	2.9
BSF Transfer for Alt. Fuels	0	(108,200)	(100.0)	0	0.0	167,053	(2,964,206)	(94.7)	167,053	0.0
Sub-Total Other Revenue	21,762,866	(1,707,532)	(7.3) %	2,604,002	13.6 %	124,930,443	36,918,666	41.9 %	18,931,081	17.9 %
TOTAL BASE REVENUE	\$641,269,070	\$10,361,427	1.6 %	\$8,849,406	1.4 %	\$3,920,775,375	\$241,523,513	6.6 %	\$126,882,023	3.3 %
One-Time Revenue										
Urban Revenue Sharing	(30,422,097)	5,457,824	(15.2)	0	0.0	(212,954,679)	38,204,768	(15.2)	0	0.0
Tax Amnesty	0	0	0.0	0	0.0	15,080,406	15,080,406	0.0	0	0.0
Federal Cash Assistance	0	0	0.0	0	0.0	87,234,214	87,234,214	0.0	0	0.0
Judicial Enhancement	1,686,768	1,686,768	0.0	0	0.0	4,584,725	4,584,725	0.0	0	0.0
Sub-Total Transfers In	(28,735,329)	7,144,592	(19.9)	0	0.0	(106,055,334)	145,104,113	(57.8)	0	0.0
TOTAL REVENUE	\$612,533,741	\$17,506,019	2.9 %	\$8,849,406	1.5 %	\$3,814,720,041	\$386,627,626	11.3 %	\$126,882,023	3.4 %

VP% = Percent change from comparable period in prior year

VF% = Variance from forecast

F% = Forecast percent change for the fiscal year.

R% = Average percent change from comparable period in prior year which must be attained over remaining months to realize the forecast for year.

Trends in Spending for Major Federal Programs

Congress approved a final Federal FY 2004 budget in January 2004. Total funding for major federal programs in Arizona increased from \$5.0 billion to \$5.9 billion (16.2%) from FY 2003 to FY 2004. (Please see attached table and program descriptions.) Over the two year period from FY 2002 to FY 2004, total funding in Arizona increased from \$4.3 billion to \$5.9 billion (35.5%). Arizona's increase in federal funds over the past few years is due to the overall rising trend in total federal spending and because Arizona's proportional share of the growing federal budget increased during this time period as well (from 1.6% in FY 2002 to 1.9% in FY 2004).

The information is compiled from Federal Funds Information for States (FFIS) data. FFIS is a joint effort of the National Governors Association and the National Conference of State Legislatures. They report on the largest federal grant programs, which reflect the overwhelming share of total federal assistance to state governments. The grants shown here represent formula grants to states including recent federal match rate adjustments. However, the amounts do not include discretionary grants, competitive grants or direct cash assistance to individuals (such as Medicare and Social Security). These grants reflect appropriations rather than actual expenditures. In some cases, state agency estimates for these grants may not match the amounts shown in the table. For another perspective on federal funds, the Governor's Office of Strategic Planning and Budget (OSPB) publishes an annual compilation of federal expenditures by state agency. The OSPB Report estimates Federal FY 2004 spending at a higher level due to the inclusion of discretionary grants and pass through funds. The OSPB report can be found at <http://www.state.az.us/ospb/pdf/FedFunds.pdf>.

Arizona received increases in most federal grants from FY 2003 to FY 2004. Arizona's social grant programs administered through the Departments of Education, and Health and Human Services generally received greater funding. Programs administered through the Departments of Labor and Transportation also generally increased from FY 2003 to FY 2004. As was the case last year, the largest single gain for Arizona came from federal Medicaid Vendor Payments. Arizona received \$686 million (23%) more for Medicaid in FY 2004 than in FY 2003, representing 84% of the total Arizona increase for major federal programs over that time period.

If Medicaid is excluded, funding for major federal programs in Arizona increased by 6.4% from FY 2003 to FY 2004. Without Medicaid dollars, Arizona's share of major federal programs increased slightly during the period, representing 1.52% of the total US non-Medicaid budget in FY 2003 and 1.57% of the total US non-Medicaid budget in FY 2004.

Other federal programs which have shown continued growth in Arizona include the Basic State Grant for Special Education which grew by \$20 million (16% from FY 2003 to FY 2004).

Arizona has also received money through recently enacted federal programs such as the State Fiscal Relief Payments (\$87 million in FY 2004), Homeland Security Formula Grants (\$41 million in FY 2004), and Election Reform Grants (\$26 million in FY 2004). The State Fiscal Relief Payments are not scheduled to continue past FY 2004. The attached table and program descriptions provide more detailed information.

Amount of Federal Grant-in-aid Money Distributed to Arizona for Major Programs

(Dollars in thousands)

Federal Agency	FY 2002	FY 2003	FY 2004	FY04 \$ above FY03	FY04 % above FY03
Department of Agriculture					
Women, Infants & Children (WIC) Suppl. Feeding Program	75,397	81,671	82,247	576	0.7%
Department of Education					
Title I – Grants to Local Education Agencies	173,247	187,236	194,767	7,531	4.0%
Vocational Rehabilitation – State Grants	44,081	45,401	48,460	3,059	6.7%
Special Education – Basic State Grant	111,046	132,063	152,491	20,428	15.5%
State Grants for Improving Teacher Quality	45,061	45,698	45,853	155	0.3%
Vocational Education – State Grants	21,690	23,368	23,515	147	0.6%
Department of Health and Human Services					
Adoption Assistance	18,926	20,908	23,092	2,184	10.4%
CDC: State and Local Capacity	16,422	15,755	15,926	171	1.1%
Child Care and Development Block Grant	43,481	45,571	47,827	2,256	5.0%
Child Care Entitlement – Mandatory and Matching	48,242	48,948	50,364	1,416	2.9%
Child Support Enforcement Administration	46,231	42,329	45,405	3,076	7.3%
Community Services Block Grant	5,282	5,247	5,217	(30)	(0.6%)
Consolidated Health Centers	22,954	25,716	27,643	1,927	7.5%
Foster Care	37,175	43,218	44,275	1,057	2.4%
Head Start	96,913	100,061	101,978	1,917	1.9%
Low-Income Home Energy Assistance Program (LIHEAP)	6,379	6,719	6,720	1	0.0%
Medicaid – Administration	111,315	110,482	111,393	911	0.8%
Medicaid – Vendor Payments	2,394,863	2,979,417	3,665,185	685,768	23.0%
Promoting Safe and Stable Families	6,347	6,107	6,107	0	0.0%
Social Services Block Grant (SSBG)	30,820	31,503	31,987	484	1.5%
State Children’s Health Insurance Program (SCHIP)	87,166	87,709	87,024	(685)	(0.8%)
Substance Abuse and Prevention Block Grant	28,117	30,549	30,988	439	1.4%
Temporary Assistance for Needy Families (TANF)	226,188	226,131	226,131	0	0.0%
Vaccines for Children	19,773	25,561	26,551	990	3.9%
Department of Homeland Security					
Homeland Security Formula Grants	5,770	38,617	40,873	2,256	5.8%

Amount of Federal Grant-in-aid Money Distributed to Arizona for Major Programs

(Dollars in thousands)

Federal Agency	FY 2002	FY 2003	FY 2004	FY04 \$ above FY03	FY04 % above FY03
HUD and Independent Agencies					
Community Development Block Grant (CDBG) – Entitlement	42,904	50,395	49,134	(1,261)	(2.5%)
CDBG – Non-entitlement	11,042	13,637	14,405	768	5.6%
EPA – Clean Water SRF	9,095	9,036	9,042	6	0.1%
Election Reform Grants	-	14,500	26,050	11,550	79.7%
Department of Justice					
Edward Byrne Memorial Grant Program	8,766	8,849	8,813	(36)	(0.4%)
State Criminal Alien Assistance Program	24,184	10,631	12,706	2,075	19.5%
Department of Labor					
Workforce Investment Act – Adult Employment and Training Activities	16,168	16,031	16,109	78	0.5%
Dislocated Workers	12,550	19,177	19,644	467	2.4%
Employment Service State Grants	11,626	12,708	12,629	(79)	(0.6%)
Unemployment – State Administration	27,485	25,606	26,733	1,127	4.4%
Workforce Investment Act – Youth Activities	18,724	17,619	17,629	10	0.1%
Department of Transportation					
Federal Aid Highways – Bridge R & R	13,299	9,858	12,009	2,151	21.8%
Federal Aid Highways – Interstate Maintenance	101,649	79,935	96,937	17,002	21.3%
Federal Aid Highways – Minimum Guarantee	67,794	67,353	76,070	8,717	12.9%
Federal Aid Highways – National Highway System	108,300	86,527	105,014	18,487	21.4%
Federal Aid Highways – Surface Transportation Program	121,606	98,064	118,720	20,656	21.1%
Department of Treasury					
State Fiscal Relief Payments	-	87,234	87,234	0	0.0%
Total Arizona Funding	4,318,078	5,033,145	5,850,897	817,752	16.2%
Total US Funding	266,702,876	292,017,189	307,316,374	15,299,185	5.2%
Arizona % Share of US Total	1.62%	1.72%	1.90%		
Arizona % Share of US Total (without Medicaid)	1.55%	1.52%	1.57%		

Program Descriptions for Major Federal Grants**Department of Agriculture**Women, Infants & Children (WIC) Supplemental Feeding Program

To provide, low-income pregnant, breastfeeding and postpartum women, infants, and children to age five determined to be at nutritional risk, at no cost, supplemental nutritious foods, nutrition education, and referrals to health care providers.

Department of EducationTitle I – Grants to Local Education Agencies

To help local education agencies (LEAs) and schools improve the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic standards.

Vocational Rehabilitation – State Grants

To assist States in operating programs of vocational rehabilitation; to provide vocational rehabilitation services for individuals with disabilities so they may prepare for and engage in competitive employment.

Special Education – Basic State Grant

To provide grants to States to assist them in providing a free appropriate public education to all children with disabilities.

State Grants for Improving Teacher Quality

To provide grants to State Education Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievement.

Vocational Education – State Grants

Basic grants assist States and outlying areas to expand and improve their programs of vocational education and provide equal access in vocational education to special needs populations. The populations assisted by Basic Grants range from secondary students in pre-vocational courses through adults who need retraining to adapt to changing technological and labor market conditions.

Department of Health and Human ServicesAdoption Assistance

To provide Federal Financial Participation to States in adoption subsidy costs for the adoption of children with special needs and who meet certain eligibility tests.

Centers for Disease Control and Prevention: State and Local Capacity

To ensure that state and local health departments, hospitals, and other health care entities are able to mount a collective response featuring seamless interaction of their event-specific capabilities in areas related to bioterrorism.

Child Care and Development Block Grant (includes Entitlement – Mandatory and Matching program)

To make grants to States and Tribes to assist low-income families with child care and to: (1) Allow each State maximum flexibility in developing child care programs and policies that best suit the needs of children and parents within State; (2) promote parental choice to empower working parents to make their own decisions on the child care that best suits their family's needs; (3) encourage States to provide consumer education information to help parents make informed choices about child care; (4) assist States to provide child care to parents trying to achieve independence from public assistance; and (5) assist States in implementing the health, safety, licensing, and registration standards established in State regulations.

Child Support Enforcement Administration

To enforce the support obligations owed by absent parents to their children, locate absent parents, establish paternity, and obtain child, spousal and medical support.

Community Services Block Grant

To provide assistance to States and local communities, working through a network of community action agencies and other neighborhood-based organizations, for the reduction of poverty, the revitalization of low-income communities, and the empowerment of low-income families and individuals in rural and urban areas to become fully self-sufficient.

Consolidated Health Centers

To support the development and operation of health centers which provide preventive and primary health care services, supplemental health and support services and environmental health services to medically underserved areas/populations.

Foster Care

To help States provide safe, appropriate, 24-hour, substitute care for children who are under the jurisdiction of the administering State agency and need temporary placement and care outside their homes; and to provide Federal Financial Participation in costs related to the program.

Head Start

To promote school readiness by enhancing the social and cognitive development of low-income children, including children on federally recognized reservations and children of migratory farm workers, through the provision of comprehensive health, educational, nutritional, social and other services; and to involve parents in their children's learning and to help parents make progress toward their educational, literacy and employment goals.

Low-Income Home Energy Assistance Program (LIHEAP)

To make Low Income Home Energy Assistance Program (LIHEAP) grants available to States and other jurisdictions to assist eligible households to meet the costs of home energy.

Medicaid: Title XIX – AdministrationMedicaid: Title XIX – Vendor Payments

To provide financial assistance to States for payments of medical assistance on behalf of cash assistance recipients, children, pregnant women, and the aged who meet income and resource requirements, and other categorically-eligible groups. Financial assistance is provided to States to pay for Medicare premiums, copayments and deductibles of qualified Medicare beneficiaries meeting certain income requirements. More limited financial assistance is available for certain Medicare beneficiaries with higher incomes.

Promoting Safe and Stable Families

To fund community-based family support services that promote the safety and well-being of children and families by enhancing family functioning and child development; to fund family preservation services that serve families at risk or in crisis, including the following services: reunification and adoption services, preplacement/preventive services, follow-up services after return of a child from foster care, respite care, services designed to improve parenting skills; and infant safe haven programs; to fund time-limited family reunification services to facilitate the reunification of the child safety and appropriately within a timely fashion; and to fund adoption promotion and support services designed to encourage more adoptions out of the foster care system, when adoptions promote the best interests of children.

Social Services Block Grant (SSBG)

To enable each State to furnish social services best suited to the needs of the individuals residing in the State. Federal block grant funds may be used to provide services directed toward one of the following five goals specified in the law: (1) To prevent, reduce, or eliminate dependency; (2) to achieve or maintain self-sufficiency; (3) to prevent neglect, abuse, or exploitation of children and adults; (4) to prevent or reduce inappropriate institutional care; and (5) to secure admission or referral for institutional care when other forms of care are not appropriate.

State Children's Health Insurance Program (SCHIP)

To provide funds to States to enable them to initiate and expand child health assistance to uninsured, low-income children. Assistance should be provided primarily by two methods: (1) Obtain health insurance coverage that meets the requirements relating to the amount, duration, and scope of benefits; or (2) expand eligibility for children under the State's Medicaid program.

Substance Abuse and Prevention Block Grant

To provide financial assistance to States and Territories to support projects for the development and implementation of prevention, treatment and rehabilitation activities directed to the diseases of alcohol and drug abuse.

Temporary Assistance for Needy Families (TANF)

To provide grants to States, Territories, or Tribes to assist needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families.

Vaccines for Children

To assist States and communities in establishing and maintaining preventive health service programs to immunize individuals against vaccine-preventable diseases (including measles, rubella, poliomyelitis, diphtheria, pertussis, tetanus, hepatitis B, hepatitis A, varicella, mumps, haemophilus influenza type b, influenza, and pneumococcal pneumonia).

Department of Homeland SecurityHomeland Security Formula Grants

SHSP: The State Homeland Security Program (SHSP) enables states to prepare for and mitigate the effects of attacks from chemical, biological, radiological, nuclear and explosive terrorist attacks. The SHSP replaces the counterterrorism grants formerly awarded by the Justice Department's Office for Domestic Preparedness (ODP).

LETPP: The Law Enforcement Terrorism Prevention Program (LETPP) may be used for law enforcement planning, organizational activities and equipment to enable information sharing, reducing vulnerability of potential targets, threat recognition, intervention activities and interoperable communications. The LETPP is similar in structure to the prior Critical Infrastructure Grants.

HUD and Independent AgenciesCommunity Development Block Grant (CDBG) – Entitlement

To develop viable urban communities, by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for persons of low and moderate income.

Community Development Block Grant (CDBG) – Non-entitlement

This grant has the same basic objective as the previous CDBG. However grant recipients also must demonstrate that each activity funded meets one of the program's National Objectives by either: benefiting low and moderate income families; aiding in the prevention or elimination of slums or blight; or meeting other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available.

EPA – Clean Water SRF

To create State Revolving Funds (SRFs) through a program of capitalization grants to States which will provide a long term source of State financing for construction of wastewater treatment facilities and implementation of other water quality management activities.

Election Reform Grants

To improve the administration of elections for Federal office and to replace punch card voting systems or lever voting systems.

Department of Justice**Edward Byrne Memorial Grant Program**

To provide leadership and direction in controlling the use and availability of illegal drugs, with emphasis on violent crime and serious offenders.

State Criminal Alien Assistance Program

The State Criminal Alien Assistance Program (SCAAP) provides Federal assistance to states and units of local government incurring costs of incarcerating illegal aliens convicted of one felony or two misdemeanor offenses and to expedite the transfer of custody for certain deportable aliens.

Department of Labor**Workforce Investment Act – Adult Employment and Training Activities**

To provide workforce investment activities that increase the employment, retention and earnings of participants, and increase occupational skill attainment by the participants. This program is designed to increase employment, as measured by entry into unsubsidized employment, retention in unsubsidized employment six months after entry into employment, and wage gain.

Workforce Investment Act – Dislocated Workers

This grant has the same basic objective as the prior program with an emphasis on employing dislocated workers.

Employment Service State Grants

To place persons in employment by providing a variety of placement-related services without charge to job seekers and to employers seeking qualified individuals to fill job openings.

Unemployment – State Administration

To administer this program of unemployment insurance for eligible workers through Federal and State cooperation; to administer payment of trade adjustment assistance; disaster unemployment assistance; unemployment compensation for Federal employees and ex-service members.

Workforce Investment Act – Youth Activities

To design, with States and local communities, a revitalized, workforce investment system that will help low income youth between the ages of 14 and 21 acquire the educational and occupational skills, training and support needed to achieve academic and employment success and successfully transition to careers.

Department of Transportation**Federal Aid Highways – Bridge R & R****Federal Aid Highways – Interstate Maintenance****Federal Aid Highways – Minimum Guarantee****Federal Aid Highways – National Highway System****Federal Aid Highways – Surface Transportation Program**

To assist State transportation agencies in the planning and development of an integrated, interconnected transportation system important to interstate commerce and travel by constructing and rehabilitating the National Highway System, including the Interstate System; and for transportation improvements to all public roads except those functionally classified as local; to provide aid for the repair of Federal-aid roads following disasters; to foster safe highway design; to replace or rehabilitate deficient or obsolete bridges; and to provide for other special purposes. The Federal Lands Highway Program provides assistance to the Federal Land Management Agencies for Federally-owned roads.

Department of Treasury**State Fiscal Relief Payments**

To provide fiscal relief to each state as part of the Jobs and Growth Tax Relief Reconciliation Act of 2003. Amount is based on relative state population. Permitted use of the funds include financing essential government services or covering the state cost of complying with an unfunded federal intergovernmental mandate (as defined in section 421(5) of the Congressional Budget Act of 1974). A state may use funds only for the types of expenditures permitted under the most recently approved budget for the state.