



County of Los Angeles  
**CHIEF EXECUTIVE OFFICE**

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Fifth District

February 25, 2011

To: Mayor Michael D. Antonovich  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe

From: William T Fujioka  
Chief Executive Officer 

**WASHINGTON, D.C. UPDATE ON THE FEDERAL FISCAL YEAR (FFY) 2011  
CONTINUING RESOLUTION**

On February 19, 2011, the House passed, 235 to 189, H.R. 1, a FFY 2011 Continuing Resolution (CR) which would fund Federal programs and activities through the end of the year. The bill passed along party lines with no Democrat voting "aye" and only three Republicans voting against it. Because none of the 12 FFY 2011 appropriations bills have been enacted, Federal programs and activities have been temporarily funded under a CR, which expires on March 4, 2011.

Unlike past CRs which typically fund the vast majority of programs at or near their prior year levels, H.R. 1 would reduce overall appropriations by more than \$60.0 billion below the FFY 2010 level and \$100.0 billion below the amount requested by the President for FFY 2011. Overall discretionary funding would be reduced by roughly 5.4 percent with overall non-security discretionary funding by roughly 14 percent. In FFY 2010, discretionary funding accounted for \$141.6 billion (23.5 percent) of total funding for state and local governments. Funding for mandatory programs, such as Medicaid, Title IV-E Foster Care and Adoption Assistance, and Temporary Assistance for Needy Families, are not affected by the bill.

In addition to its funding cuts, H.R. 1 also includes adopted amendments aimed at blocking the implementation of last year's health care reform law, the Affordable Care Act (ACA) of 2010, by prohibiting the use of appropriated funds from carrying out the law. For example, funds in the bill shall not be used to pay the salaries of Federal

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employees to implement the provisions of the ACA or to enforce its individual mandate requirements. It also includes language to prohibit the Environmental Protection Agency from regulating greenhouse gas emissions from stationary sources.

President Obama has indicated that he would veto the bill in its current form while Senate Democratic leaders have indicated that they will pursue a year-long FFY 2011 CR which would freeze overall spending at the FFY 2010 level. Based on their positions and House Speaker John Boehner's stated position that a year-long CR must include significant spending cuts, there is a risk of a Federal government shutdown if neither side is willing to compromise.

As discussed in greater detail below, H.R. 1 includes major reductions in a number of discretionary programs through which the County receives funding. However, unlike past CRs and annual appropriations bills, the bill does not specify the funding levels for the vast majority of programs. Instead, the bill generally reduces overall funding for individual Federal agencies or offices, such as the Health Resources and Services Administration, and specifies funding levels for a few programs while leaving it to the Federal agency or office to decide how remaining funds are distributed among all of its other programs and activities. Therefore, if H.R. 1 is enacted, the FFY 2011 funding levels for the vast majority of discretionary grants of County interest would be determined later by the Federal agency, which administers the funds. Such grants, nevertheless, would be vulnerable to major cuts due to the size of the overall funding reductions and the fact that the budget cuts must be implemented more than five months after FFY 2011 began on October 1, 2010.

There is one category of Federal spending over which there is bipartisan agreement -- the elimination of funding for earmarks. H.R. 1 does not earmark any funding for individual projects. Both the President and Senate Democratic leaders also support the elimination of earmarks.

### **Major Reductions**

The bill would significantly reduce funding for the following programs (or program areas) of importance to the County:

**Workforce Investment Act (WIA) Formula Grants:** Funding would be eliminated for all three Title I WIA formula grant programs, which received a combined total of nearly \$3.0 billion in FFY 2010: Youth (\$924.1 million); Adults (\$861.5 million); and Dislocated Workers (\$1,183.8 million). Their elimination would disproportionately hurt California, which received 15.5 percent (\$461.0 million) of U.S. total funding in FFY 2010. Under current law, each state must pass through at least 85 percent of their WIA Youth and Adult allotments and 60 percent of their Dislocated Worker funding to local Workforce

Investment Boards (WIBs). The seven WIBs serving Los Angeles County received a total of \$91.0 million in pass-through WIA funding in FFY 2010. This amount includes \$32.6 million for the County's WIB, staffed by the Department of Community and Senior Services. The State uses the remaining portion of its annual WIA allotments to fund rapid response and discretionary projects, including in Los Angeles County. Under the President's Proposed FFY 2012 Budget, which would reduce WIA funding by roughly 8.3 percent, the County's WIB would lose an estimated \$2.7 million in funding.

**Senior Community Service Employment Program (Title V):** Funding for Title V Community Service Employment would be reduced by \$500.0 million to \$300.4 million in FFY 2011. The estimated loss to the County would be more than \$1.5 million.

**State and Local Law Enforcement Assistance:** State and local law enforcement assistance grants, administered by the Office of Justice Programs, would be reduced by a total of \$396.0 million (29.3 percent) to \$953.5 million in FFY 2011, not counting the elimination of \$185.3 million for an account used to fund earmarks in FFY 2010. The bill leaves it up to the Administration to decide how the \$396.0 million reduction would be distributed among the 40 existing states and local law enforcement grants, which include three formula grants -- Byrne Justice Assistance Grants (JAG), State Criminal Alien Assistance Program (SCAAP), and Southwest Border Prosecution Initiative (SWBPI) -- of importance to the County. These three formula grants, received a combined total of \$872.0 million (62.5 percent) of the \$1.35 billion in programs which would be subject to the \$396.0 million in cuts. Based on the President's Proposed FFY 2012 Budget, SCAAP and SWBPI would receive the brunt of the overall reduction because SCAAP would be cut by 58.7 percent to \$136.0 million and the entire \$31.0 million SWBPI would be eliminated. In FFY 2010, the County received \$14.3 million in SCAAP funds. While FFY 2010 SWBPI payments have not yet been made, the County's SWBPI payments have averaged over \$3.0 million a year in previous years.

**Community Development Block Grant (CDBG):** H.R. 1 would significantly reduce funding for the Community Development Fund, which includes CDBG, by \$2.95 billion to \$1.5 billion in FFY 2011. The bill includes language indicating that the remaining funds can only be used for CDBG, not for other programs under the Fund, such as the Sustainable Community Initiative. If enacted, the County's estimated FFY 2011 CDBG funding would be roughly \$20.0 million below its \$32.2 million CDBG allotment. In comparison, the President's Proposed FFY 2012 Budget includes \$3.68 billion for CDBG formula grants -- roughly 6.6 percent below its FFY 2010 funding level.

**Public Housing Capital Fund:** Funding for the Public Housing Capital Fund would be reduced by \$1.05 billion to \$1.42 billion in FFY 2011. This would reduce the County's funding from \$5.8 million in FFY 2010 to an estimated \$3.4 million in FFY 2011.

**Public Housing Operating Fund:** H.R. 1 would reduce funding for the Public Housing Operating Fund by \$149.0 million to \$4.62 billion in FFY 2011. If enacted, the County's funding in FFY 2011 would be an estimated \$200,000 below the \$7.02 million received by the County in FFY 2010. The President's Proposed FFY 2012 Budget includes \$3.96 billion for the Public Housing Operating Fund.

**Department of Homeland Security (DHS) Grants:** Funding for DHS state and local homeland security grants would be reduced by a total of \$865.7 million (28.7 percent) to \$2.15 billion in FFY 2011, including for the following grants for which the County shares funding with other jurisdictions within Los Angeles County:

- Urban Area Security Initiative (UASI) Grant funding is cut by 10.0 percent (\$87.0 million) to \$781.0 million. The impact on the County's urban area cannot be estimated with any certainty. A House floor amendment was adopted to limit the number of UASI grant recipients to 25. In comparison, 63 urban areas received grants in FFY 2010. This amendment would mitigate the impact of the overall 10.0 percent reduction on the Los Angeles urban area, which received an allocation of nearly \$700.0 million in FFY 2010. Our area is certain to receive FFY 2011 UASI funding because it consistently has been one of the fewer than 10 Tier I urban areas which, in aggregate, receive over half of total annual UASI funding.
- State Homeland Security Grant Program is cut by 12.4 percent (\$110.0 million) to \$780.0 million -- estimated loss of roughly \$2.8 million to the County area.
- Emergency Management Performance Grant is cut by 11.8 percent (\$40.0 million) to \$300.0 million -- estimated loss of roughly \$226,000 to the County area.

The bill also would eliminate all funding for the \$50.0 million Interoperable Emergency Communications Grant Program through which the State of California received a grant of \$5.48 million in FFY 2010. Both Port Security and Public Transportation Security Grant funding would be cut by two-thirds from \$300.0 million to \$100.0 million in FFY 2011. The Ports of Los Angeles and Long Beach received a \$31.45 million Port Security Grant in FFY 2010 while public transportation agencies serving the County received grants totaling nearly \$6.8 million in FFY 2010. In addition to the reductions in DHS homeland security grants, the bill would reduce the pre-disaster mitigation grants from \$100.0 million to \$65.0 million in FFY 2011.

**Substance Abuse and Mental Health Services Administration (SAMHSA):** The bill would reduce overall funding for SAMHSA by roughly 6.7 percent to \$3.43 billion in FFY 2011. Except for eliminating an account used to fund earmarks totaling \$14.5 million in FFY 2010, the bill leaves it up to the SAMHSA to decide how this reduction would be applied among its programs and activities. SAMHSA administers

the \$1.8 billion Substance Abuse and Prevention Block Grant and \$400.0 million Community Mental Health Services Block Grant through which California receives roughly \$254.0 million and \$54.0 million, respectively.

**Health Resources and Services Administration (HRSA):** Overall funding for HRSA would be reduced from \$7.47 billion to \$5.31 billion in FFY 2011. This includes the elimination of \$397.0 million in earmarked funds, elimination of the entire \$317.0 million Family Planning Grant Program, and according to the House Appropriations Committee, a reduction of \$1.1 billion in grants to Community Health Centers. The bill also specifies a number of other HRSA programs, which must be reduced while leaving it up to HRSA to decide how the remaining reduction would be applied among its other programs and activities, which include the \$2.3 billion Ryan White HIV/AIDS Program.

**Centers for Disease Control and Prevention (CDC):** Funding for CDC would be reduced from \$6.39 billion in FFY 2010 to \$5.74 billion in FFY 2011. The actual reduction, however, would be greater because the bill provides that \$750.0 million of the \$5.74 billion shall be derived from the \$750.0 million appropriated for the Prevention and Public Health Fund in FFY 2011 under the health care reform law (ACA). In effect, the bill uses the \$750.0 million to supplant, rather than supplement, funding for existing CDC programs. Under the ACA, monies from the Prevention and Public Health Fund may be used to supplant funding that is above the amount provided for a program in FFY 2008. The CDC is provided discretion in determining how the overall reduction would be applied among its programs and activities, which includes the Public Health Emergency Program through which the County received \$21.2 million in FFY 2010.

**Community Services Block Grant (CSBG):** Funding for CSBG formula grants would be reduced from \$700.0 million in FFY 2010 to \$395.0 million in FFY 2011. The County's CSBG funding would drop by an estimated \$7.26 million to \$4.10 million in FFY 2011. Under the President's Proposed FFY 2012 Budget, CSBG funding would be cut in half, resulting in an estimated loss of \$3.63 million to the County.

We will continue to keep you advised.

WTF:RA  
MR:MT:sb

c: All Department Heads  
Legislative Strategist