



Federal Funding Uncertainty and Durham County Government

Introduction

Since taking office in January, the Trump administration has initiated a comprehensive review of Federal grant funding and other forms of Federal financial assistance to assess alignment with current administration priorities and to identify “waste, fraud and abuse.” While some of the actions taken by the administration are currently subject to litigation, the overall initial effect has been increased uncertainty for State, local, and tribal governments as to the future of their Federal revenues, both in the present and for future fiscal years. While to date there have not been any cancellations, reductions, or eliminations of County grants or other Federal financial assistance, the County has experienced difficulties in accessing Federal funding for some programs. From these events, it is clear that potential actions by the Trump administration and/or Congress could impact the County’s Federal revenues in current and future fiscal years. The information below is meant to provide additional details on the County’s Federal revenues to better understand the potential risks facing the County from potential changes to Federal financial assistance programs.

Durham County’s Current Federal Grant Portfolio

Durham County currently receives funding through 78 individual Federal grant programs and other sources of Federal financial assistance, the majority of which are passed through State agencies. The total amount of budgeted Federal funding from these for the current fiscal year is \$63,111,699, which for reference is equivalent to 7.7% of the total budgeted amount for the County’s FY 24-25 General Fund budget. This amount only reflects the amounts budgeted for the current year and does not include future year funding included in multi-year grants already received by the County. The amount also does not include the County’s American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Fund (CSLFRF or SLFRF) allocation totaling \$62,445,275 as those are one-time revenues and have already been fully allocated to the County, nor does it include the County’s allocation of Opioid Settlement Funds totaling \$20,958,139 for the current fiscal year.

Of the 78 grant programs administered by the County, 32 (41%) of the programs have budgets exceeding \$500,000. As shown below, these programs – predominantly administered by the Social Services, Public Health, and the Sheriff’s Office – represent several extremely important County activities, highlighting the importance of these revenues to ensuring that County residents receive essential services.

Table 1. Federal Grants Received by the County Totaling Over \$500,000

Funder/Pass-Through (If Applicable)	Program Name	Department	Funding Amount
US DHHS/NC DHHS	Medical Assistance Administration	Social Services	\$10,592,712
USDA/NC DHHS	Food Stamp Administration	Social Services	\$5,684,746
US DHHS/NC DHHS	Title IV D – Child Support Enforcement	Social Services	\$4,248,776
US EPA/Direct	Solid Waste Infrastructure for Recycling (SWIFR)/SWIF	General Services	\$3,313,200
US Treasury/NC DHHS	Emergency Rental Assistance Program (ERAP)	Social Services	\$2,594,174

US DHHS/NC DHHS	Work First Services	Social Services	\$2,420,183
US DHHS/NC DHHS	IV-E Adoption Assistance	Social Services	\$2,229,527
US DHHS/NC DHHS	IV-E Foster Care/OFF TRN	Social Services	\$1,629,710
US DHHS/NC DHHS	IV-E Adoption/OFF TRN	Social Services	\$1,629,710
US DHHS/NC DHHS	Social Services Block Grant – Other Services and Training	Social Services	\$1,615,625
US DHHS/NC DHHS	State County Special Assistance	Social Services	\$1,615,215
<i>US DOE/Direct</i>	<i>Energy Efficiency and Conservation Block Grant (EECBG)</i>	<i>Engineering</i>	<i>\$1,500,000</i>
USDA/NC DHHS	Food Nutrition Administration	Public Health	\$1,226,465
<i>USDOT/Direct</i>	<i>Railroad Crossing Elimination Program</i>	<i>Transportation</i>	<i>\$1,250,000</i>
US DHHS/NC DHHS	Child Care Development Fund	Social Services	\$1,158,952
US DHHS/NC DHHS	Child Care Development Fund -- Mandatory	Social Services	\$1,158,952
US DHHS/NC DHHS	STD/HIV/Drugs Program	Public Health	\$1,021,283
<i>US EPA/Direct</i>	<i>Community Project Funding (Chin Page LS)</i>	<i>Engineering</i>	<i>\$959,752</i>
US DHHS/NC DHHS	Minority Health Grant	Public Health	\$903,807
US DHHS/NC DHHS	Crisis Intervention	Social Services	\$890,575
US DOT/Direct	Consolidated Rail Infrastructure Safety Improvement (CRISI)	Transportation	\$850,000
US DHHS/NC DHHS	Health Choice	Social Services	\$816,146
US DHHS/NC/ DHHS	IV-E Foster Care	Social Services	\$745,167
US DHHS/NC DHHS	Family Planning Services	Public Health	\$717,897
US DOJ/NC DPS	Hayti Reborn Justice Assistance	Public Health	\$700,000
US DHHS/NC DHHS	Epidemiology and Laboratory Capacity for Infection Disease	Public Health	\$657,842
US DHHS/NC DHHS	Medical - MAC	Social Services	\$642,588
<i>US DHS/US DPS</i>	<i>Emergency Operations Center Grant Program</i>	<i>OES</i>	<i>\$637,195</i>
US HUD/City of Durham	Housing Opportunities for Persons with AIDS (HOWPA)	Social Services	\$619,674
US DOJ/NC DPS	Byrne Justice Assistance Grant (JAG)	Sheriff	\$555,438
US DHHS/NC DHHS	Work First Administration	Social Services	\$550,931
US DHHS/NC DHHS	Maternal and Child Health (MCH) Block Grant	Public Health	\$504,846

Note: Grants in italics have been awarded but do not yet have accessible revenues.

The remaining 46 Federal grants administered by the County range in amount from \$93 to \$444,644 (with an average of \$149,522) and support important programs for public health, environmental services, infectious disease control, public safety, library services, services for elderly residents, and

emergency management, among others. The full list of Federal grants administered by Durham County is attached to this memo for reference.

Durham Public Schools Federal Grant Portfolio

While not passing through Durham County, it is also important to consider the Federal grant revenues received by Durham Public Schools, as any changes in Federal grant revenues received by the school district could impact needs for County resources. According to data from the North Carolina Department of Public Instruction, Durham Public Schools has received \$24,849,331 in Federal funding for Fiscal Year 2025, including the following Federal grants:

Table 2. Federal Grants Administered by Durham Public Schools, FY 2025 (NC Department of Public Instruction Pass-Through Funding)

Program Name	Grant Type	FY 2025 Grant Amount
Elementary and Secondary Education Act (ESEA) Grants		
Title I, Part A	Recurring Formula Grant	\$12,267,819
Title I, Part A School Improvement (Formula)	Recurring Federal Grant	\$272,375
Title I, Part A School Improvement (Competitive)	Competitive Grant	\$241,555
Title II, Part A – Supporting Effective Instruction	Recurring Formula Grant	\$1,465,058
Title III, Part A – English Language Acquisition	Recurring Formula Grant	\$719,826
Title III, Part A – Significant Increase	Recurring Formula Grant	\$971
Title IV, Part A – Student Support and Academic Enrichment	Recurring Formula Grant	\$912,297
Individuals with Disabilities Education Act (IDEA) Grants		
IDEA	Recurring Formula Grant	\$7,852,843
IDEA Preschool	Recurring Formula Grant	\$169,232
Career and Technical Education Grants		
Perkins CTE Grant	Recurring Formula Grant	\$698,441

As shown above, the majority of the Federal funds DPS receives are recurring Federal grants and represent a key part of their budgets, particularly for key services provided to students who are low performing, students with disabilities (16.4% of students), and English language learners (22% of students). The total referenced funding does not include direct Federal grants received by the district, which include important grants for school safety initiatives, nor does it include funding from the U.S. Department of Agriculture for school nutrition programs. Across all Federal sources, DPS utilizes around \$5 million per month in Federal funding to support operations, including significant amounts for personnel expenditures.

Additional Important Considerations

In addition to considering the scale of County (and DPS) revenues that derive from Federal sources, there are several other elements of the current Federal strategy that should be emphasized as part of the budget planning process. Specifically, it is important for budget discussions to consider the following:

- Timing is very uncertain as to when changes to Federal grant funding or other financial assistance may occur. In a typical budget development cycle and under historic Federal governance models, changes to Federal grant funding would occur through the standard Federal appropriation process, with any changes approved through the process taking place during the following fiscal year. Under these circumstances, while reductions would nonetheless create

challenges for local governments, there would at least be a window of time to plan accordingly before changes would go into effect. Because the current Federal budget cycle has already been delayed through the passage of several continuing resolutions, and because there appears to be the potential for litigation pertaining to the impoundment authority of the Executive Branch, there is a possibility that the County may experience sudden and unexpected decreases in Federal revenues.

- Inherent in the current administration's approach to Federal funding, there is the distinct possibility that changes could be implemented which would reduce or eliminate Federal funding for certain activities without removing the legal mandates for State and local governments to provide certain types of services. Alternatively, the administration and/or Congress could create new requirements for existing programs without providing additional resources for States and local governments to utilize to support the activities. This potential for new unfunded mandates could potentially require the County in the future to identify alternative resources to continue to provide services that are presently Federally funded or to provide new services to support new requirements for existing programs.
- Similarly, there is also the potential that the current administration attempt to shift funding and administrative burden for certain activities to State and local governments through devolution. This could result in additional administrative responsibilities with or without accompanying resources to support the work, or could result in changes to program requirements (including funding allocation requirements) that could impact amounts of revenues received to support programs, or amount or nature of services to be provided.