CWDA
Advancing Human Services for the Welfare of *All* Californians

Federal Update: Trump Budget Proposal Released

May 23, 2017 | 5 Pages

TO: County Welfare Directors Association

FROM: Tom Joseph, Director, CWDA Washington, D.C. Office

Cathy Senderling-McDonald, Deputy Executive Director

DATE: May 23, 2017

RE: President Releases First Budget Proposal

The President's first full budget proposal was released early through a leak last night. The budget for programs in the Health and Human Services area contains significant proposed cuts and policy changes that will result in reduced benefits and eligibility for potentially millions of Californians, if enacted by Congress.

Centers for Medicare and Medicaid Services (CMS)

Overall, the budget proposes cuts and other reductions to funding for programs overseen by CMS that would save $636 billion over the next 10 years. For FFY 2018, these proposed changes would reduce spending by $2.3 billion below the current law baseline.

Medicaid

The budget proposes changes that drop spending $3.857 billion below the current law baseline for FFY 2018. For California, the key proposal is the elimination of the Medicaid funding entitlement, similar to the House-passed American Health Care Act. The budget proposes to provide states with a choice of either a per-capita cap or a block grant, beginning in FFY 2020. States would be given additional flexibility in how they administer their programs. This proposal would save $610 billion over 10 years.

The budget notes: "The Administration is determined to work with Congress to put in place a plan to give States the flexibility they need to achieve better outcomes for patients while putting Medicaid on a more sustainable fiscal trajectory." The budget also references, and provides a link to, the March 14, 2017 letter from CMS to states outlining the Administration's focal areas for additional flexibility, including explicit authority to tie the receipt of benefits to work requirements.

Children's Health Insurance Program (CHIP)

The CHIP program is used to provide health coverage to children from moderate-income families in California, with eligibility administered by counties as a part of the Medi-Cal program. The base matching rate for these funds is 65 percent federal/35 percent state. However, current law provides an increase in each state's matching percentage of 23 percentage points, which translates into an 88 percent enhanced match for California. The budget proposes to reauthorize CHIP for two additional years, but to immediately eliminate the 23 percentage point bump, meaning that California's matching rate would drop back to 65 percent federal effective October 1, 2017.

The budget also proposes to cap the availability of federal matching funds, to serve children only up to 250 percent of the federal poverty level, and eliminate the "maintenance of effort" requirement that requires states to maintain their pre-Affordable Care Act level of investment and level of eligibility and services in their CHIP programs. California currently service children in this aspect of our program up to 266 percent of the federal poverty level.

Administration for Children and Families (ACF)

In overall terms, the ACF, which oversees child care, child welfare, refugee programs, the Temporary Assistance for Needy Families program, and a number of other programs serving low-income individuals, families and children, would be cut by $8 billion from FFY 2017 to FFY 2018, through a combination of cuts and the proposed elimination of several programs.

Temporary Assistance for Needy Families (TANF)

The budget proposes a reduction of $2.2 billion in TANF spending. This includes the following cuts:

- A $1.62 billion cut to the TANF block grant for states, territories and tribes, reducing the block grant from $16.737 billion to $15.117 billion, a 9.7 percent reduction. California's share of this cut is projected at $359.7 million.
- Elimination of the TANF Contingency Fund, for savings of $608 million. Note that California has not met criteria to access the fund for several years.
- Diversion of $25 million from the TANF block grant to fund Welfare Research ($15 million) and the Census Bureau Survey of Income Program Participation ($10 million).

Foster Care and Permanency

The budget contains no major cuts that we can see in these areas. It would provide $8.7 billion for the Foster Care, Adoption Assistance, Guardianship Assistance and Independent Living programs, including Title IV-E, which appears to be in line with normal program growth. The budget also includes $495 million for the Promoting Safe and Stable Families program, which encompasses Title IV-B ($345 million), the Personal Responsibility Education Program ($75 million) and Abstinence Education ($75 million), all existing programs. There is a small ($9 million) decrease in discretionary funding for child welfare programs, which appears to be in the area of technical assistance for the Adoption Assistance Program.

Refugee Programs

The budget proposes significant reductions in support for refugees, totaling $665 million in reductions to the Transitional and Medical Assistance, Unaccompanied Alien Children and Refugee Support Services programs, as well as a $5 reduction in other programs. It is unclear whether these cuts are the result of reduced caseload due to reduced refugee entries into the country or are a cut to services provided to existing refugees, or some combination of both. However, the budget does note that it proposes to combine two existing programs that currently provide English language skills, job training and translation services to refugees and other new arrivals, "achieving greater efficiencies and reducing the administrative burden on states." We will provide additional detail as it becomes available on how this could affect services counties provide to these populations.

Proposed Program Eliminations

- Social Services Block Grant (SSBG). The SSBG has been proposed for elimination numerous times by Congress over the past several years. This cut would save $1.4 billion in FFY 2018 nationally. California receives $191.7 million a year from this funding source, which is primarily used by the state to provide services for persons with developmental disabilities as well as for child abuse prevention activities.

- Low-Income Home Energy Assistance Program (LIHEAP). LIHEAP was proposed for elimination in the President's earlier 2017 proposal as well, for savings of $3.4 billion. California receives $170 million from LIHEAP annually to provide heating and cooling assistance to low-income residents.

- Community Services Block Grant (CSBG). Another block grant that has been proposed for reduction or elimination in the past, this would save $714 million nationally. California receives $62.7 million annually from this source.

Supplemental Nutrition Assistance Program (SNAP)

The Budget has several cost-saving proposals that aim to reduce long-term spending in SNAP. These proposals include tightening certain eligibility and benefit calculation standards; establishing fees for retailers applying and recertifying to accept SNAP benefits; and implementing a SNAP benefit cost-sharing requirement for States, phased in to reach an average of 25 percent by 2023. Total savings over 10 years for all nutrition program proposals (including, but not limited to, SNAP) is estimated at $194 billion.

Specifically, the budget:

- Proposes to require states to cover, on average, 25 percent of SNAP benefits, phased in between 2020 and 2023. The state match would begin at a national average of 10 percent in 2020, and the state's share of cost would be based on a formula. The formula is described vaguely in the available budget documents, but would incorporate "the economic indicators that drive SNAP participation, along with state resources." The budget notes that emergency SNAP benefits provided when disasters strike would continue to be 100 percent federally funded.

- The documents state that the cost-sharing proposal would give states "new flexibilities" and incentives to "manage benefit costs," but no details are provided as to how this would be accomplished. Additionally, the budget proposes to eliminate the minimum benefit now provided to those who would otherwise qualify for less (reducing benefit costs by $2.75 billion over 10 years) and set an overall limit for a household's benefit at the current maximum for a household of six even if the actual household was larger (reducing benefits to larger families by $1.75 billion over 10 years).

- Includes several legislative proposals that would, ostensibly, reduce eligibility and/or benefits that are available today. One example includes requiring states to adopt a standardized utility allowance equal to the 80th percentile of their state's low-income households' utility costs. This would cut benefits by $507 million in FFY 2018, or $10.43 billion over 10 years. It is unclear how this would affect California's existing standard utility allowance rules.

- Eliminates broad-based categorical eligibility, which states such as California use to enable eligibility for households without an asset test, and applies categorical eligibility only to households also receiving TANF cash assistance. This appears to reinstate an asset test for most SNAP recipients, and is estimated to save $31.1 billion over 10 years ($1.5 billion in FFY 2018).

- Seeks to limit use of waivers that exempt able-bodied adults without dependents from work requirements. This proposal limits ABAWD waivers to counties with an unemployment rate greater than 10 percent averaged over 12 months. It will reduce SNAP benefit costs because fewer areas would qualify for time limit waivers and many

ABAWDs residing in those areas would be required to work or participate in a work program, or lose SNAP eligibility after three months. The proposal is expected to reduce benefits to ABAWDS by $1.8 billion in FFY 2018 and a total of $20.66 billion over 10 years.

- Proposes to collect a "modest" certification fee from retailers who participate in SNAP, scaled by retailer size. Fees would range from $250 for the smallest providers, such as corner markets, to as much as $20,000 for the largest retailers, such as super-centers and large supermarket chains. Retailers would pay the fee each time they are authorized or reauthorized. USDA states that it does not expect that this fee will reduce access to stores accepting EBT.

Workforce Investment Opportunity Act (WIOA)

The budget proposes substantial cuts to WIOA funding across all sectors of the Act. The budget contains no narrative supporting or explaining these cuts – we expect that to follow later as the various agencies provide more details. The cuts entail:

- Adult employment – 40% cut to $490 million
- Dislocated workers – 44% cut to $699 million
- Youth Activities – 39% cut to $608 million

This federal budget update was created by CWDA Staff. Direct questions to the contact at right.

For more information, visit: cwda.org

County Welfare Directors Association of California

Tom Joseph, Director, Washington, D.C. Office
email: tj@wafed.com

Cathy Senderling-McDonald, Deputy Executive Director, Sacramento Office
email: csend@cwda.org