



County Welfare Directors Association of California

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To: County Welfare Directors Association of California

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

Date: April 10, 2013

Re: Federal Budget Update: The Administration's FFY 2014 Proposals

Overview: The Obama Administration today released its proposed \$3.77 trillion budget for Federal Fiscal Year (FFY) 2014. Included in the package are the core components of a 'grand bargain' budget compromise President Obama offered to House Speaker Boehner in December 2012. Some Democrats are attacking the proposals to alter Medicare for higher income individuals and to use the 'chained CPI' (see below) to measure inflation. Republicans oppose the revenue measures offered last year by the Administration. The Administration contends that it will only accept a deficit reduction package containing both entitlement reforms and new revenues.

Their budget submittal is over two months late, given the numerous delays in reaching agreements on a partial tax and spending package in early January and the completion late last month of the Continuing Resolution (CR) (H.R. 933/P.L. 113-6) which extended FFY 2013 appropriations through the end of September.

Last month, the House and Senate adopted vastly different budget blueprints for FFY 2014. The House resolution (H. Con. Res. 25) proposes to once again block grant Medicaid, the Supplemental Nutrition Assistance Program (SNAP) and repeal the Affordable Care Act. None of those proposals advanced last year and they all will be rejected again in 2013. For its part, the Senate adopted a measure (S. Con. Res. 8) that includes new revenues, protects health and human services programs and ends the sequester.

Given the disparate blueprints, it is once again highly unlikely that the House and Senate will be able to compromise on a unified approach to work from this year. The Obama proposals comprise a third menu of policy and spending options for the year.

As the year progresses, the across-the-board cuts remain. The impact of the approximately 5.1% sequester to most domestic discretionary programs continues to trickle out. Congress has directed federal departments to outline by April 25 how the cuts will affect the programs they administer.

Below is a summary of some of the policy and spending proposals the Administration submitted on April 10. Many of the spending and policy proposals were proposed in the FFY 2013 budget and were rejected by Congress.

Human Services and Health Budget Proposals

A 10 page summary of the HHS proposals may be found at this link:
<http://www.whitehouse.gov/sites/default/files/omb/budget/fy2014/assets/health.pdf>

For additional detail, HHS has released a summary document which may be found at:
<http://www.hhs.gov/budget/fy2014/fy-2014-budget-in-brief.pdf>

Chained CPI: The Obama budget proposes to apply a chained measure of inflation for cost-of-living adjustments throughout the budget, with 'protections for the most vulnerable' but no details are available on what populations and/or programs would be protected and how. The proposal would save \$230 billion over ten years, a significant sum for the federal government.

Most budget analysts agree that the chained CPI more accurately reflects inflation, since it accounts for changes in consumer behavior when a price of a good changes and there is a similar, less-expensive product the individual can buy. Many Democrats, argue, however, that applying the new measure to Social Security benefits does not accurately account for the medical costs that older seniors incur and which cannot be easily substituted for a cheaper option. Veteran's groups are also expressing deep concerns about the approach.

Whether and how the chained CPI would affect low-income programs, such as SSI and others, is still an open question, despite the Obama administration's assertion that the new measure would protect the most vulnerable.

HUMAN SERVICES

Temporary Assistance for Needy Families (TANF): Once again, there is no detail on the a proposed TANF reauthorization. The only statement within the budget summary is one that is nearly identical to last year. HHS pledges to work with Congress to strengthen program effectiveness by using performance indicators and ensuring that states have flexibility to engage recipients in the most effective activities to promote success in the workforce. The Administration also wants to work with Congress to revise the Contingency Fund to make it more effective during economic downturns.

Foster Care/Subsidized Guardianship: The proposed budget includes \$124 million for the Guardianship Assistance program. The funding is based on an estimate that 24,000 children will participate per month, and increase of 4,000 over last year.

Promoting Safe And Stable Families (PSSF): The Obama Administration proposes \$345 million in entitlement funding, the same level as FFY 2013, to ensure continued support for a variety of important State child welfare activities, including family preservation services, community-based family support services, time-limited reunification services, and adoption promotion and support.

Family Connection Grants: With the program slated to expire, the Administration is proposing a three year extension at current levels of about \$15 million per year through FFY 2016. Originally authorized under the 2008 Fostering Connections to Success Act (P.L 110-351), the grants have supported kinship navigator programs, intensive family finding programs, family group decision-making, and residential family treatment programs.

Domestic Trafficking Victims Program: A new, \$10 million initiative is requested to prevent and address domestic human trafficking. The funding is requested at this point in the HHS Office of Refugee Resettlement budget, since a similar program has been authorized under its jurisdiction. Funding would be used to provide direct services, including case management and housing, and train service providers.

Foster Youth Independent Living Program: The proposed budget freezes funding at \$140 million for the Chafee Foster Care Independence program. It has been funded at that level for a number of years.

Social Services Block Grant: The budget would fund Title XX at \$1.7 billion, the same level appropriated for a number of years. Unlike last year, the House budget did not assume that it would be terminated.

Community Services Block Grant: Rejected by Congress the last two years, the Administration is again proposing to cut CSBG funding by nearly half to \$350 million. Funding would be distributed to community based organizations on a competitive basis.

Low Income Home Energy Assistance Program (LIHEAP): The program would be cut by \$452 million to a level slightly over \$3 billion in FFY 2014.

MCH Home Visiting Programs: Authorized under the Affordable Care Act, the budget proposes to continue and expand the program after the reauthorization expires in FFY 2014. For FFY 2014 it requests \$400 million, the same level as FFY 2013. A total of \$1.9 billion is requested over FFY's 2015-2018.

Child Support: The Administration is again proposing to provide incentives aimed at encouraging the pass through of all current monthly child support collections to TANF families. It also again proposes to require that child support payments made to children in foster care are used in the best interests of the child. That proposal is estimated to cost \$254 million over ten years.

Head Start: The Administration requests \$9.6 billion for Head Start, and increase of \$1.6 billion over the FFY 2013 level.

Child Care: As in FFY 2013, the Administration again requests large increases in child care. The request includes \$3.4 billion for the Child Care Entitlement to States, an increase of \$500 million over last year. The FFY 2013 request for the Child Care and Development Block Grant is \$2.47 billion, or \$186 million over FFY 2013. The Administration again proposes a series of quality measures to improve the programs. Congress did not appropriate similar increases requested last year.

Preschool Initiative: To be funded by an increase in the federal tobacco tax, the Administration proposes a huge, new \$66 billion investment over ten years to provide pre-school to all low and moderate income four year olds.

Older American's Act Programs: The Administration essentially freezes funding at FFY 2013 levels for OAA programs. It does not make any suggestions for the program's slated reauthorization.

Elder Justice Act: The Administration is again requesting first-time federal funding for Adult Protective Services. The FFY 2014 request includes approximately \$8 million to fund competitive grants to test promising approaches to meeting the growing challenges that State and local APS programs face.

HEALTH PROGRAMS

Medicaid Proposals Abandoned: Given the Obama Administration's desire to encourage states to opt to expand Medicaid coverage under the Affordable Care Act, previous proposals to change the administration of the program were not submitted this year. Those proposals included blending the various Medicaid and CHIP matching rates into a single federal matching rate specific to each state. Also dropped was a proposal to limit the States' ability to tax health providers. Revenues gained from that tax are used as state match to draw down federal matching funds.

DSH Cuts Delayed: The Administration proposes to delay by one year a \$360 million cut to the disproportionate share hospital payment (DSH) program. Slated to begin in FFY 2014, the cuts would affect hospitals serving large numbers of uninsured and Medicaid patients. The DSH program was cut in the Affordable Care Act, since the Administration and Congress assume that hospitals would serve more people with insurance when the ACA is launched. The White House wants to ensure that states and the public system will continue the full allotment of DSH funds available at the beginning of ACA's implementation. Cuts after FFY 2014 would remain, however, with DSH reductions increasing each year through 2023.

Mental Health: The Mental Health Block Grant would be frozen at \$460 million in FFY 2014. The children's mental health services program would also be frozen at \$117 million.

Substance Abuse Treatment: The federal block grant would be essentially frozen at last year's level of \$1.8 billion.

New Mental Health Initiatives: A number of new programs are proposed to address the mental health needs of students and youth. About \$55 million would be available to states to help keep schools safe and identify students with mental health needs. Another \$50 million would be allocated to train 5,000 new social workers to work with students and young adults. And, \$25 million is proposed to help states create strategies to help young people ages 16 to 25 access and navigate behavioral health systems.

FOOD ASSISTANCE

The USDA budget may be found here:
<http://www.obpa.usda.gov/budsum/FY14budsum.pdf>

Supplemental Nutrition Assistance Program (SNAP): The Administration again proposes to restore the SNAP benefit cuts included in the Healthy, Hunger-Free Kids Act of 2010 (P.L. 111-296), which accelerated the sunset date of SNAP Recovery Act benefits to Oct. 31, 2013. This proposal would revert the sunset date back to March 31, 2014 - the date that these benefits would have expired prior to the enactment of that law. The cost of the restoration is \$2.26 billion.

EMPLOYMENT & TRAINING

The link to the Department of Labor budget in brief is below.

<http://www.dol.gov/dol/budget/2014/PDF/FY2014BIB.pdf>

Workforce Investment Act: Overall Workforce Investment Act (WIA) adult employment and training funding would be increased by \$20 million to a level of \$791 million in FFY 2014.

The Administration requests the same level of funding (\$1.23 billion) for the WIA Dislocated Worker program, of which \$1 billion would support formula grants to States and localities.

The budget includes \$846 million for WIA youth activities, an increase of \$22 million over FFY 2013.

Workforce Innovation Fund (WIF): The Administration is requesting \$150 million for the WIF, an increase of nearly \$100 million over last year's appropriation. The purpose of the WIF is to support innovative approaches in designing and delivering employment and training services that generate long-term improvements in the performance of the public workforce system, both in terms of employment and training outcomes and cost-effectiveness. Ten million dollars would be set-aside for projects to build knowledge of what interventions work for disconnected youth, with a particular emphasis on those under age 20. Veterans would receive a \$50 million set-aside.

Youth Build Program: The Administration is requesting \$79.7 million for the YouthBuild program, essentially the same level as appropriated in FFY 2013. The program provides academic and occupational skills training, and leadership development to youth ages 16-24. It provides services to approximately 5,200 youth annually by re-engaging them in innovative alternative education programs that provide individualized instruction as they work towards earning either a GED or high school diploma.

Reintegration of Ex-Offenders: The Administration is requesting a \$10 million increase for this program for a proposed FFY 2014 level of \$90 million. This program prepares workers - particularly adult and youth offenders and at-risk youth -- for jobs by helping ex-offenders and youth at-risk of criminal behavior to obtain employment and/or training.

Authorized by WIA and the Second Chance Act of 2007, the appropriation provides competitive grant awards and continuation funding for previously awarded grants.