



## County Welfare Directors Association of California

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# CWDA

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**To:** County Welfare Directors Association of California

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

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**Re:** Federal Budget Update: The Administration's FFY 2016 Proposals

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**Federal Budget:** Yesterday, the Obama Administration released its proposed budget for Federal Fiscal Year (FFY) 2016. The proposals are similar to last year, but there are some new proposed initiatives in child welfare and in preventing sex trafficking of youth (see below).

The Obama blueprint outlines a menu of policy and spending options for the House and Senate to consider when the two chambers mark up legislation. The House Budget Committee will likely offer its blueprint within the month and it is once again expected to contain a series of entitlement reforms, including the block granting of Medicaid and the Supplemental Nutrition Assistance Program. Those proposals have failed to move legislatively within the House and they are expected to fail again this year. Given GOP control of the Senate, there is a better chance that the House and Senate can reach agreement on a concurrent budget resolution so that there is a unified spending blueprint for Congress to follow as it moves through the appropriations process.

The budget resolution does not go to President Obama for his signature, but it does set parameters for debates on many policy and spending issues over the coming months. Below are highlights of the policy and spending proposals the Administration submitted on February 2, 2015.

### **Human Services Budget Proposals**

**Foster Care and Psychotropic Drug Initiative:** The Administration is once again requesting \$250 million in mandatory funding over five years through IV-E foster care to build state capacity in using evidence-based psychosocial interventions as alternatives to psychotropic medications. A related \$500 million Medicaid initiative is being proposed to give performance-based incentives to states to coordinate care and reduce the use of psychotropic drugs for children in foster care identified as high-risk for behavioral health problems.

**Temporary Assistance for Needy Families (TANF):** Once again, there is very little detail from the Administration on a proposed TANF reauthorization. HHS pledges to work with Congress to strengthen program effectiveness in accomplishing the goals of TANF 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 is once again proposing to 'repurpose' the TANF Contingency Fund targeted to states with high unemployment into a \$573 million *Pathways to Jobs* initiative to provide subsidized employment opportunities similar to the Emergency Contingency Fund used successfully by California's counties under the Recovery Act. The initiative would target custodial and noncustodial parents who have children eligible for cash assistance or who are below 200 percent of the federal poverty level and face employment barriers. The program would permit up to 100 percent coverage for wages, workplace benefits, training and administrative costs for up to the first 90 days of employment. Partial subsidies would be allowable after the first 90 days. Such a proposal may be considered during a reauthorization debate, but there is no movement to date in either the House or Senate to advance TANF legislation.

The budget also proposes to prohibit the use of non-governmental third party expenditures in meeting state TANF maintenance-of-effort requirements.

**Domestic Trafficking Victims Program:** The Administration is requesting a \$6 million increase to \$9 million to prevent and address domestic human trafficking. This particular line item is within the HHS Office of Refugee Resettlement (ORR) budget, since a similar ORR program focuses on foreign trafficking. The proposed increase would expand the competitive grant funding for state, county, tribal and non-profit groups to improve coordination and increase case management and direct assistance to address human trafficking.

**Child Welfare Trafficking Grants:** The Administration is proposing new initiatives in response to the recently enacted *Preventing Sex Trafficking and Strengthening Families Act*. To support state compliance with the new law, HHS proposes a \$10 million a year program to award ten grants of \$1 million each for five years to develop strategies to identify children and youth in the child welfare system who may be at risk of trafficking and/or to prevent youth from becoming victims of trafficking.

Also in the initiative is a proposed \$15 million program to develop a research base to serve victims of trafficking in the child welfare system.

The ORR and child welfare programs would be coordinated by a senior trafficking advisor within the Administration for Children and Families.

**Child Protection Investigation Best Practices:** The Administration is proposing \$5 million to fund approximately five to ten projects to improve CPS investigations. The Administration initiative is intended to support CPS frontline staff in carrying out effective investigations that lead to improved outcomes of safety and equity. The budget document notes that there is a particular concern that current CPS practices leave too many vulnerable children at risk and families of color are disproportionately represented in the child welfare system.

**Chafee Foster Care Independence Program:** Funded at the same \$140 million level for many years, the Administration is proposing to allow those states providing foster care up to age 21 to use Chafee funds for current or former foster children through age 23.

**Use of Child Support for Foster Children:** The Administration is again proposing to require that child support payments made on behalf of youth in foster care are used in the

best interest of the child, rather than as an offset to federal and state child welfare costs. The proposal would cost \$476 million over ten years.

**Unaccompanied Children:** HHS notes that the rate of apprehensions of unaccompanied minors at the border in the first part of FFY 2015 is below the FFY 2014 rate. It expects arrivals to remain stable and is requesting \$948 million for FFY 2016, the same level as last year. It does, however, request a \$400 million contingency fund in case arrivals increase.

**Child Care and Development Block Grant:** Another significant increase of nearly \$400 million is proposed for CCDBG, to \$2.80 billion in FFY 2016.

**Head Start:** Continuing the increased investments in Head Start, the Administration proposes another large increase for the program. Funding would increase by over \$1.5 billion, from \$8.59 billion in FFY 2015 to \$10.11 billion in FFY 2016.

**Community Services Block Grant (CSBG):** The Administration proposes current level funding for CSBG, after four years of proposing to cut CSBG by nearly half to \$350 million.

**Low Income Home Energy Assistance Program (LIHEAP):** Compared to previous years, the Administration is proposing relatively small cut of \$200 million to LIHEAP for a level of \$3.2 billion in FFY 2016. The Administration is proposing a \$200 million initiative above the \$3.2 billion level that would test strategies to reduce energy costs of LIHEAP households.

**Social Services Block Grant:** The Administration is proposing \$1.7 billion for SSBG, the same level as FFY 2015. In addition, the Administration is proposing that \$300 million in additional SSBG funding be provided for each of the next five years to help fund a new initiative, the *Upward Mobility Project*. The Project would allow up to ten states, localities or a consortia of communities to use funds from up to four block grants -- SSBG, CSBG, the Community Development Block Grant and HOME -- for initiatives designed to promote self-sufficiency and improve educational and other outcomes for children.

**Home Visiting Programs:** Authorized under the Affordable Care Act, the budget proposes to continue and expand the program after the reauthorization expires on March 31, 2015. For FFY 2016, the Administration requests \$500 million, an increase over the pre-sequester level in FFY 2014 of \$400 million.

**Elder Justice Act:** The Administration is proposing \$25 million for Adult Protective Services grants. The recently-enacted FFY 2015 spending bill appropriated \$4 million in first time funding for competitive grants to test promising approaches to meeting the growing challenges that State and local APS programs face.

**Older Americans Act Programs:** For the first time in many years, the Administration is requesting funding increases for OAA programs. Home and community-based supportive services would be increased from \$348 million in FFY 2015 to \$386 million in FFY 2016 and nutrition services would receive a \$60 million boost, to \$875 million in FFY 2016.

**Child Support:** The Administration once again proposes to encourage states to pass through current child support collections to families receiving TANF benefits, rather than retaining payments for cost recovery purposes. To encourage states to take up family distribution options, the proposal includes short-term incentive funding to offset a significant

share of state costs to implement the policy. The proposal would cost about \$1.3 billion over ten years.

**Workforce Innovation and Opportunity Act (WIOA) Adult and Youth Programs:** The Administration proposes a \$39 million increase to \$815.6 million in FFY 2016 for Adult Employment and Training Activities and a \$42 million increase to \$873.4 million for Youth Programs in FFY 2016.

**Supplemental Nutrition Assistance Program:** For 2016, the Administration estimates that participation will fall to an average level of 45.7 million participants per month from 46.3 million in 2015. The budget requested to serve SNAP participants is \$83.7 billion.

**Earned Income Tax Credit (EITC) Expansion:** The current EITC for childless workers and noncustodial parents is much smaller with a maximum of \$500, which phases out at a very low level of income and adults under the age of 25 are not eligible. The Administration proposes to double the maximum credit to \$1,000 and make the credit available to adults 21 years of age and older earning up to 150 percent of the federal poverty line. The proposal is costly, however, with an estimated \$60 billion price tag over ten years.

**Medicaid:** In addition to the psychotropic medication for foster children initiative mentioned previously, the Administration is proposing some other Medicaid changes. Two are highlighted below.

- Continuous 12-Month Medicaid Eligibility: States would be given the option to allow 12 months of continuous eligibility for Medicaid to adults, similar to the option now available for children. These adults are otherwise at risk of moving between Medicaid and federally-subsidized health insurance coverage (“churning”) due to changes in income. The 10 year cost to Medicaid is estimated at \$27.7 billion but exchange subsidies are projected to be reduced by \$23 billion over the same time period.
- Extend Express Lane Eligibility: Set to expire at the end of the fiscal year, the Administration proposes to extend permanently the ability to states to opt to use the eligibility findings of another federal program such as SNAP or TANF to enroll children in Medicaid or CHIP. The cost is estimated at \$1.2 billion over 10 years, including \$680 million in Medicaid costs over 10 years.

**Children's Health Insurance Program (CHIP):** CHIP funding expires this federal fiscal year. The Administration proposes to extend CHIP funding for another four years, through FFY 2019. Assuming the current spending pattern of states, the Centers for Medicare and Medicaid Services (CMS) estimates that states will begin to experience funding shortfalls by December. The net cost of extending CHIP is estimated at \$11.9 billion. The Administration proposes to pay for the cost by increasing the federal tobacco tax.