



## Summary of Administration's FFY 2011 Budget Proposals

**Overview:** President Obama has released his proposed \$3.8 trillion budget for Federal Fiscal Year (FFY) 2011, which begins on October 1, 2010. The administration projects a record FFY 2011 budget deficit of \$1.3 trillion – marking an improvement over the anticipated record deficit of \$1.6 trillion by the end of the current fiscal year. The Administration proposes a three-year overall freeze on discretionary spending, with cuts made to programs deemed less effective or not a priority. Defense and homeland security accounts would not be subject to the freeze, although some Democrats are arguing that the freeze also apply to defense as well.

The administration's budget serves as a starting point for this year's appropriations and policy process. Over the coming months, Congress will accept, modify or reject the administration's proposals.

The following analysis highlights some of the proposals submitted. For additional information, HHS has released a summary document which may be found at:

<http://www.hhs.gov/asrt/ob/docbudget/2011budgetinbrief.pdf>

### Major HHS Budget Proposals

President Obama's health and human services budget proposals affecting state and county governments include:

#### HUMAN SERVICES

**TANF:** The administration proposes a one-year extension of the current TANF program at current funding levels.

**TANF Emergency Funding:** The administration proposes to request through legislation a new, \$2.5 billion TANF emergency fund in FFY 2011. According to a review by the Center on Budget and Policy Priorities, the budget proposes the following specific changes related to ECF:

- **Extends the TANF Emergency Fund.** The Administration's budget proposes to create a new fund for one year, through September 30, 2011.
- **Provides incentives to states to create subsidized jobs.** States would be reimbursed for 100 percent of the costs associated with providing subsidized jobs to eligible individuals. Currently, states are reimbursed for 80 percent and some states have indicated they have had difficulty identifying state funds to cover the remainder of the costs.
- **Expands allowable uses of the fund to include increased expenses for work activities and work supports that last longer than four months.** Many states are serving more families in their TANF programs than prior to the recession. This has resulted in the need for states to expand their work programs, including the work supports (such as transportation assistance) families need to

participate in such programs. This expansion of the TANF Emergency Fund will make it possible for states to cover any expansion in work programs that last for longer than four months. (Work activities and associated work supports lasting four months or less can already be covered as a one-time non-recurring benefit.)

- **Provides states with a new maximum allocation.** All states would receive a new maximum allocation for FFY 2011 equal to 50 percent of their TANF block grant. Any funds drawn down in 2009 and 2010 will not count against the new maximum allocation.
- **Provides additional money to cover the extension and expansion.** The administration's budget includes \$2.5 billion in FFY 2011 to cover the expansion and extension of the TANF Emergency Fund. Administration officials have stated that their proposal assumes that the ability to draw down from the current \$5 billion pot of TANF ECF funding available under ARRA would expire on September 30, 2010. The amount available to each state would be 'reset' beginning October 1, 2010.

**Fatherhood Programs:** The administration proposes a new \$500 million mandatory fund for competitive grants to states in two areas. They are:

- **Strengthening families by investing in comprehensive responsible fatherhood initiatives.** Programs might include expanding service provided through child support enforcement offices, funding comprehensive responsible fatherhood programs, eliminating barriers to employment, providing enhanced training, and employment opportunities. States will partner with non-profits and community organizations with these programs.
- **Improving child outcomes by improving outcomes for custodial parents facing serious barriers to self-sufficiency.** Funded activities would focus on barriers to employment and could include interventions like home visitation, subsidized employment, transitional jobs, and mental health and substance abuse treatment.

**Foster Care/Subsidized Guardianship:** The FFY 2011 proposal would extend ARRA's 6.2 percentage point increase in the federal match rate for IV-E maintenance and subsidized guardianship for an additional six months, through June 30, 2011. It includes \$78 million for the Guardianship Assistance program, an increase of \$27 million above FFY 2010 reflecting an increase in the number of children participating. It estimates an average of 14,300 children will participate per month, an increase of 5,800 over FFY 2010.

**Foster Youth Independent Living Program:** The administration proposes to freeze funding at \$140 million. The program has been funded at that level for a number of years.

**Promoting Safe and Stable Families (PSSF):** The administration proposes to freeze funding at \$388 million in entitlement and discretionary grants for PSSF, the same amount funded for a number of years.

**Child Care:** The administration proposes \$800 million increases in both the mandatory and discretionary child care and development block grants, bringing the total for child care in FFY 2011 to \$6.1 billion. For the first time, mandatory child care funding would be indexed for inflation. It estimates that an additional 235,000 children would be served.

**Social Services Block Grant:** The administration proposes to fund Title XX at \$1.7 billion, the same level appropriated for a number of years.

**Community Services Block Grant:** The administration proposes to freeze CSBG at \$700 million.

**Child Support:** The administration proposes to temporarily extend for one year the ability of states and counties to use as federal match the earned performance incentive funds. This one-year extension would require legislation costing \$670 million.

**Supplemental Nutrition Assistance Program (SNAP/Food Stamps):** The administration's budget states that it will work to "establish a practical, national asset limit floor across means-tested human services, food, and cash assistance programs." It proposes to raise current SNAP asset limits to \$10,000 from \$2,000 per household, or \$3,000 for households including an elderly or disabled member. The administration contends that a nationwide figure will streamline eligibility for families eligible for benefits from multiple programs, and encourage families to save toward self-sufficiency.

Additionally, USDA/FNS will propose excluding tax refunds in the month of receipt and for the following 12 months beginning in tax year 2009 for SNAP and all Federally-funded means-tested programs. Legislation is also being proposed to extend the ARRA provision that eliminates the time limits for able-bodied adults without dependents for an additional year for a one-time cost of \$25 million.

**Employment and Training:** Workforce Investment Act (WIA) adult employment and training would increase from \$861.5 million in FFY 2010 to \$906.8 million next year.

The FFY 2011 budget request would also create a Workforce Innovation Fund (WIF), to be administered at the national level, totaling \$107,651,000. The Fund is comprised of five percent contributions from the WIA Adult Program (\$45,344,000) and the Dislocated Worker Program (\$62,307,000). WIF grants will be awarded competitively through solicitations for grant applications to states or localities to demonstrate promising new ideas and to replicate proven practices.

The administration is requesting \$1.475 billion for the WIA Dislocated Worker program, of which \$1.2 billion would support formula grants to States and localities, \$230 million would fund emergency grants and \$62.3 million would be reserved for the Workforce Innovation Fund.

**Youth Employment:** The budget includes \$1.025 billion for youth, which includes an increase of \$101 million over FFY 2010. That increase is specifically targeted to create the Youth Innovation Fund, which will be administered at the national level.

The fund would allow the Department of Labor to support and evaluate innovative means of providing improved youth services to at-risk youth, particularly out-of-school youth. The Youth Innovation Fund would have two components:

- **Summer and Year-Round Employment Opportunities.** These grants will create an estimated 20,124 summer and year-round employment opportunities for youth.
- **Work Experience Plus program.** These competitive grants to local workforce investment boards, in partnership with youth service providers (including community-based organizations), governors and state workforce boards, will serve exclusively out-of-school youth ages 16 to 24.

**Older American's Act Programs:** The administration proposes small increases in funding for most Administration on Aging programs, including community based nutrition and supportive services. Funding would increase from \$1.24 billion last year to \$1.29 billion in FFY 2011.

**Low Income Home Energy Assistance Program (LIHEAP):** The basic LIHEAP block grant would be funded at \$3.3 billion, down from the recession-induced level of \$5.1 billion in FFY 2010. The administration

proposes an additional \$2 billion that would be triggered by a mechanism based on energy prices and the number of individuals receiving SNAP/Food Stamp benefits.

### **HEALTH PROGRAMS**

In a welcome change to budgets proposed by the previous administration, there are very few legislative and no apparent regulatory changes proposed for Medicaid.

**Medicaid:** The administration is proposing to extend the enhanced FMAP under ARRA for an additional six months, through June 30, 2011 at a cost of \$25 billion.

**Mental Health:** The Mental Health Block Grant would be frozen at \$421 million in FFY 2011. Funding has remained at that level for many years. Children's mental health would increase \$5 million over the FFY 2010 level of \$121 million.

**Substance Abuse Treatment:** The federal block grant would be frozen at last year's level of \$1.8 billion. Grant programs for projects of regional or national significance, however, would be increased 8 percent to \$487 million next year.

### **CONGRESSIONAL BUDGET PROCESS**

The congressional budget process begins with the administration's budget proposals. Over the next few weeks, House and Senate committees will hold hearings on the proposals. At those hearings, administration officials will provide additional detail on their initiatives.

Later this spring, the House and Senate Budget Committees will draft their respective FFY 2011 budget resolutions. Those resolutions are typically very general in nature. The resolution provides broad spending amounts for various functions of the federal budget. Once the House and Senate resolve any differences between their resolutions, the appropriations committees work with the broad allocations and begin to divide and distribute the allocations among all of the various federal departments and programs. While the budget resolution itself does not have the force of law, it serves as a blueprint for the congressional appropriators to follow throughout the year.

While there are internal deadlines for completing the entire appropriations process before the end of the federal fiscal year on September 30, the actual appropriations process is typically not completed until Congress adjourns for the year. Given that it is an election year, the process will either be faster than previous years or, will be even more chaotic and gridlocked.