



## FFY 2016 Obama Administration Budget Proposals

On February 2, 2015, the Obama Administration released its proposed budget for Federal Fiscal Year (FFY) 2016.

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 soon offer its blueprint 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 to Capitol Hill.

### Human Services Budget Proposals

The Health and Human Services (HHS) Budget in Brief for 2016 may be found at:  
<http://www.hhs.gov/budget/fy2016/fy-2016-budget-in-brief.pdf>

**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 once again proposes 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 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 for a total of \$9 million to prevent and address domestic human trafficking. This line item is within the HHS Office of Refugee Resettlement (ORR) budget, since it houses a similar well-established program focusing on foreign trafficking. The proposed increase would expand the competitive grant funding recently appropriated for state, county, tribal and non-profit groups to improve coordination and increase case management and direct assistance to address domestic 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.

**IV-E Foster Care Prevention and Post-Permanency Services:** A new initiative costing \$586 million over ten years would give states the option to draw down a 50 percent federal match for evidence-based pre-placement and post-permanency services in order to prevent removals and foster care placements. The initiative includes ensuring that kinship families who have been diverted from the child welfare system also receive support and services as necessary.

**Family-Based Care:** The Administration proposes amending Title IV-E to provide additional support and funding to promote specialized family based care as an alternative to congregate care for children with behavioral and mental health needs, and provide oversight when congregate care placements are used. The proposal does not institute time limits or age restrictions, but it does increase oversight of the use of congregate care.

The proposal would agencies as a condition of a child's title IV-E eligibility to justify congregate care as the least restrictive foster care placement setting through a documented assessment. Additionally, a judicial determination is requested at 6 months and every 6 months thereafter to confirm that the placement in the congregate facility is the best option for the child.

Increased funding would be provided to support specialized case management using smaller caseloads and specialized training so caseworkers can focus on supporting family-based care specialized casework. And funding would be available for specialized training and salaries for foster parents who provide a therapeutic environment for a child. The proposal is estimated to cost \$78 million in FFY 2016.

**Eliminate APPLA:** To demonstrate HHS' continued commitment to permanent homes for all youth, the Administration proposes to eliminate another planned permanent living arrangement

(APPLA) as a permanency goal in order to further reduce the number of youth who age out of foster care.

**Child Protection Investigation Best Practices:** The Administration is proposing \$5 million to fund approximately five to ten projects to improve CPS investigations. The 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 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 again proposes 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. HHS 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. The new funds are intended to assist states in implementing the recently enacted reauthorization which contains provisions to improve quality and allow continuity of child care services for parents whose income may change over the year.

**Head Start:** Continuing the increased investments in Head Start, the Administration proposes another large boost 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 of \$674 for CSBG, after four years of proposing to cut CSBG by nearly half.

**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 request to 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. Additionally, 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 the HOME Investments Partnership Program (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 Maternal, Infant, and Early Childhood Home Visiting program after the reauthorization expires on March 31, 2015. For FFY 2016, the Administration requests \$500 million, an increase of \$100 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. That funding announcement has not been released.

**Older Americans Act Programs:** For the first time in many years, the Administration requests 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.

**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.

### Employment Program Proposals

The Department of Labor budget in brief for FFY 2016 may be found at:  
<http://www.dol.gov/dol/budget/2016/PDF/FY2016BIB.pdf>

**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. Given the recent enactment of WIOA, no new legislative proposals are made in this area.

## Food Assistance Proposals

The USDA Food and Nutrition budget in brief may be found at:

<http://www.obpa.usda.gov/budsum/fy16budsum.pdf>

**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.

**ABAWD Extension:** Under SNAP, able-bodied adults without dependents (ABAWDs) are subject to time-limited benefits unless they work at least 20 hours a week, participate in an employment and training program at least 20 hours a week, or participate in workfare. When unemployment is high or there are not enough jobs available, states can request to waive the time limit. In FY 2014, 42 states received waivers. Of those, 33 covered the entire state. Due to the economic recovery, USDA estimates that 26 states will no longer qualify for a statewide waiver in 2016. It is proposing a \$25 million fund to states transitioning off waivers to provide employment and training to affected individuals.

**State Option to Improve SNAP Access by Low Income Elderly:** Participation rates among elderly individuals are much lower than average in large part as a result of administrative complexities associated with applying and recertifying for SNAP. In FFY 2011, just under 40 percent of elderly individuals eligible for SNAP participated in the program. Individuals tend to drop off the program when action is required to maintain benefits, particularly when they are required to submit paperwork re-verifying their income part-way through their certification period.

Costing \$9.4 million in the first year, the Administration is proposing a new State option, based on the success of several State demonstrations, to allow States to adopt a set of policies to streamline and simplify SNAP application, reporting requirements, and recertification for low income elderly individuals to reduce administrative and application-related barriers.

## Other Proposals Affecting Low-Income Individuals

**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.

Tom Joseph

*NACHSA Washington Representative*

*Waterman & Associates*

Direct. 202.898.1446 || Main. 202.898.1444

[tj@wafed.com](mailto:tj@wafed.com) || [www.watermandc.com](http://www.watermandc.com)