



FEDERAL FUNDS WATCH

Volume VIII, Issue 1

January 7, 2002

Gains and Losses: Health, Human Services, and Labor

On December 20, 2001, Congress passed into law the final Labor-Health and Human Services-Education appropriations bill. Compared to FY 2001, funding levels increased by 11% in mandatory and discretionary spending. This issue focuses on health and human services and labor appropriations as well as other recent legislative action. The next issue will examine education appropriations and reauthorization.

Health and Human Services

Federal Medical Assistance Percentage (FMAP). Various proposals which would have provided enhanced FMAPs to states failed to pass. FMAP is the federal-state match rate for Medicaid and other health and human services programs. These proposals were included in economic stimulus bills to offset states' declining revenues.

Children's Health Insurance Program (CHIP). Due to the 1997 statutory formula and appropriations for state allocations, Texas' FY 2002 amount is \$150.7 million less than the FY 2001 allocation. Other states experienced this decline.

Temporary Assistance for Needy Families (TANF). Congress did not reauthorize TANF Supplemental Grants for high growth/low benefit states. In FY 2002, Texas will receive nearly \$53 million less in TANF funds compared to FY 2001. Congress restored states' authority to transfer 10% of TANF awards to the Social Services Block Grant (Title XX).

Child Support Enforcement Administration. Funds awarded to states to locate absent parents, establish paternity, and enforce child support obligations increased by 5%. Texas is expected to receive \$211.6 million in FY 2002, a \$10.3 million increase over FY 2001.

Child Care and Development Block Grant (CCDBG). Child care funds increased by \$100 million to \$2.1 billion for FY 2002. Texas is expected to receive \$199.7 million, a \$9.5 million increase over FY 2001.

Low Income Home Energy Assistance Program (LIHEAP) funds that help low income Texans with home heating/cooling expenses increased by \$300 million to \$1.7 billion for FY 2002. Texas is expected to receive \$37.7 million for FY 2002, a nearly \$7 million increase over FY 2001. Congress also appropriated \$300 million for FY 2002 as a contingency for emergency use by eligible states.

Mental Health/Substance Abuse. National funding increased for both the Mental Health Block Grant (3.1%) and Substance Abuse Block Grant (3.6%). Texas is expected to gain \$0.9 million for mental health funding and \$4.6 million for substance abuse-related services compared to FY 2001. Congress did not pass "mental health parity," which would have prohibited health plans from imposing standards on mental health benefits more restrictive than medical/surgical benefits.

Aging. National funding increased by 8.1% in the Home-delivered Meals, Congregate Meals, Support Services, and Family Caregivers programs. The estimated impact for Texas is an increase of \$4.1 million over FY 2001.

Ryan White AIDS. Funding for the comprehensive care program and the AIDS Drug Assistance Program increased 7.3% nationally (estimated \$4.7 million for Texas). These funds are used to improve the quality, accessibility, and organization of health care services for people living with HIV and AIDS.

Promoting Safe and Stable Families. Congress reauthorized this program and added two new programs—mentoring the children of prisoners and independent living education and training vouchers for those aging out of foster care. Although an additional \$200 million was reauthorized, Congress only appropriated a \$70 million increase nationally.

Immunizations. Funding to assist states in immunizing individuals against vaccine-preventable diseases increased by 13.6%. Texas is expected to receive \$29.3 million in FY 2002, a \$3.5 million increase over FY 2001.

Health Insurance Portability and Accountability Act (HIPAA). Congress extended the deadline for compliance with HIPAA's national standard formats for electronic data sets in health care from October 2002 to October 2003. Entities needing an extension must submit a plan to the federal government by October 16, 2002.

Bioterrorism

Bioterrorism. The FY 2002 Defense appropriations bill includes \$865 million dollars for state and local bioterrorism initiatives. Funds may be used to upgrade state and local core public health capacity needs, conduct public health assessments, or terrorism response enhance or improve bioterrorism response systems. The Secretary of the U.S. Department of Health and Human Services must provide Congress with a distribution plan within 15 days of enactment. An additional \$135 million dollars is appropriated for assistance to emergency departments and hospitals. Bioterrorism allocations in

this legislation may supplement, not supplant, local and state funding.

Labor

Unemployment Insurance. The Reed Act distribution of surplus funds in federal unemployment trust fund accounts was not resolved. Texas would have received approximately \$682 million under the House version of the economic stimulus bill. For FY 2002, current law limits the use of any Reed Act distributions to unemployment compensation administration expenses.

National Emergency Grants. On December 27th the U.S. Department of Labor approved two National Emergency Grants for Texas, \$6.2 million to aid dislocated workers in the airline and tourism related industries and \$3 million for workers laid off in the Sherman area (closure of AG Processing and MEMC Southwest). The funds are to be used for re-employment assistance.

Estimated FY 2002 Federal Allocations to Texas for Selected Grant Programs
(in Millions)

Programs	FY 2000	FY 2001	Est. FY 2002	Change from FY 2001
SELECTED HEALTH AND HUMAN SERVICES				
Child Support Enforcement Administration	\$173.9	\$201.3	\$211.6	\$10.3
Child Care and Development Block Grant	110.8	190.2	199.7	9.5
Low Income Home Energy Assistance (LIHEAP)¹	24.2	31.0	37.7	6.7
Ryan White AIDS (Titles II)²	56.9	61.4	68.8	7.4
Substance Abuse Block Grants	124.1	129.2	133.8	4.6
Aging State Grants³	43.6	50.9	54.9	4.0
Immunizations	22.3	25.8	29.3	3.5
Maternal and Child Health	37.5	37.5	38.4	0.9
Mental Health Block Grant	25.3	29.5	30.3	0.8
Child Welfare Services	24.5	24.5	24.5	0.0
Social Services Block Grant	128.2	125.4	125.3	(0.1)
Temporary Assistance for Needy Families (TANF)	525.3	539.0	486.3	(52.7)
Total Selected Health and Human Services	\$1,296.6	\$1,445.7	\$1,440.6	(\$5.1)
WORKFORCE				
WIA, Adult Training and Youth Activities	171.1	185.1	185.1	0
WIA, Dislocated Worker	74.8	63.7	62.1	-1.6
Unemployment Insurance, State Administration	97.2	107.4	109.7	2.3
Employment Services	51.5	52.1	52.1	0
Total Selected Workforce	\$394.6	\$408.3	\$409.0	\$0.7

Note: Texas grant amounts listed above represent preliminary estimates; figures have not been verified by federal award information. Numbers may not add due to rounding.

¹ LIHEAP funds do not include Emergency Funds.

² Ryan White funds include funding for the AIDS drug assistance programs. Estimate assumes inclusion of persons living with AIDS and HIV will not impact distribution of funds.