



## 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

**Date:** March 8, 2011

**Re:** Federal Update

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**FFY 2011 Appropriations:** The House and Senate continue to wrangle on how to continue funding the federal government in this federal fiscal year (FFY). Last week, Congress adopted and President Obama signed a two-week continuing resolution (CR) extending funding for all federal programs and agencies through March 18. It is not clear that Republicans and Democrats will be any closer to finding an acceptable compromise by the next deadline to craft a final FFY 2011 budget for the remainder of the fiscal year.

The Senate this week is expected to consider two approaches to funding the federal government for the remainder of the year. They will first consider and reject the House-passed bill (H.R. 1) which cuts \$61 billion in non-defense domestic discretionary funds. Overall, a cut of that magnitude in the middle of the fiscal year translates to an average cut of nearly 24 percent, if applied across the board. Among the many deep cuts, the House-passed bill would eliminate funding for the Workforce Investment Act, cut Head Start by 20 percent, and slash \$1 billion (approximately 33 percent) from community health centers. Entitlements such as Medicaid and SNAP are not affected, because they are not subject to the appropriations process. Any changes to those programs would have to be made through a separate authorization process affecting the actual law and provisions within those programs.

After rejecting those cuts, the Senate will then likely try to adopt a Democratic leadership package of approximately \$10 billion in cuts to specific accounts in which funding has not been obligated to date. That measure, too, is unlikely to receive the 60 votes necessary to avoid a filibuster.

Given that the Senate will not have the votes to adopt either of the two packages of cuts, House Republicans and Senate Democrats will very likely have to once again adopt a short term CR. Even though Vice-President Biden has now been tasked with convening both sides of Capitol Hill to resolve the FFY 2011 budget battle, there is little time available to resolve the huge differences before March 18.

The latest speculation is that there will be yet another spending extension of four weeks that will expire right before the Congressional spring break. It is hoped that by then there would be a compromise for the remainder of FFY 2011.

### **Health Reform and Medicaid**

**Medicaid:** Over the past few weeks, the 33 Republican governors and the Obama Administration have been arguing over both states' Medicaid budgets and implementing the Affordable Care Act (ACA).

Republican governors in particular are arguing that they can no longer sustain their Medicaid budgets. Given the increases in enrollment and costs, they contend that they no longer have the resources to comply with the current coverage mandates and maintenance of effort requirements. They have asked the Administration for further flexibility to operate and cut their programs.

HHS Secretary Sebelius has responded to those requests by offering to send to state capitals teams of senior staff from the Centers for Medicare & Medicaid Services (CMS) to work with states to find savings in their current programs. Secretary Sebelius noted in her letter that approximately 40 percent of Medicaid services are optional, not mandated by federal law. Those optional services include prescription drugs, dental and eye care, among other services. Approximately 60 percent of that spending goes to long term care services, which is similar to total spending where over two-thirds of all Medicaid spending goes to 18 percent of the recipients who are elderly and/or disabled.

On a related matter, Republican governors testified last week in the House to support block granting Medicaid. While the House Budget Committee may include that assumption in its budget blueprint for FFY 2012, and the House may try to adopt legislation this year to do so, it is extremely unlikely that such a measure would even be considered in the Senate.

**Health Reform Implementation:** Many Republican governors are arguing that, given more flexibility, they could provide better health coverage than the Affordable Care Act (ACA) if states did not have to follow all of the mandates contained within it. They argue that, even with the 100 percent federal funding for benefits given to new Medicaid-eligible individuals, the Medicaid expansion and many other mandates make the law too costly to implement.

The Administration has responded to that concern by supporting legislation to accelerate to 2014 the provision slated to go into effect in 2017 that would allow states to create and operate their own reform plan. Those plans would have to cover the same number of individuals who would be covered under the ACA, offer the same benefits packages and be cost-neutral to the federal government. The Republican governors to date have balked at that offer, contending that the ACA requirements are too broad, no matter whether states create their own programs or follow the federal requirements.

While there continues to be discussion among House Republicans on how to defund federal agency activities on ACA implementation, those initiatives are extremely unlikely to be adopted by the Senate.

**Senate Hearing on Child Welfare Waivers:** Later this week, the Senate Finance Committee, which has jurisdiction over IV-E foster care, will be conducting a hearing on the status of child welfare waivers. CWDA plans on submitting testimony for the hearing record. Federal authority to grant additional waivers has expired, so Congress may consider adopting legislation to renew that authority.

**NACo Conference:** The National Association of Counties' (NACo) Legislative Conference is concluding today. Over the weekend, Mark Greenberg, Deputy Assistant Secretary for Policy at the Administration for Children and Families (ACF), met for an hour with the National Association of County Human Services Administrators (NACHSA). He reiterated the Administration's three key objectives in a TANF reauthorization: build on the success of the subsidized employment initiatives; the design and use of performance indicators to drive an improved TANF program; and, initiatives to ensure that TANF responds more effectively to any future economic downturn. NACHSA members shared their budget challenges with him and urged ACF to continue to work with counties to provide more flexibility in operating TANF.

At the request of NACo, I will be joining their committee leadership later today in a meeting with ACF Acting Assistant Secretary David Hansell to discuss TANF, child welfare financing reform and other human services priorities.