



NATIONAL CONFERENCE *of* STATE LEGISLATURES

The Forum for America's Ideas

Human Services Provisions of the American Recovery and Reinvestment Act of 2009

Updated March 9, 2009

Background

On February 11, the House and Senate announced a conference agreement resolving differences between House and Senate versions of the American Recovery and Reinvestment Act (ARRA). The bill totals \$790 billion of which about 35% is tax cuts, and 65% is spending. The House passed the bill on February 13 by a vote of 246 to 183. Senate passage followed, with a vote of 60-38. President Obama signed ARRA into law February 17, 2009 as P.L. 111-5.

There will be further guidance, program instructions, and reporting requirements by Federal agencies. NCSL will be tracking these requirements. The federal government's website, www.recovery.gov, also will contain more information about implementation of oversight provisions. Some provisions may require publication of formal regulations.

In the human services area, there are changes in programs administered by United States Department of Agriculture, U.S. Department of Health and Human Services, U.S. Department of Energy, and Social Security Administration. There are also changes to tax policy.

Human Services Provisions

Nutrition Assistance Programs

Special Supplemental Nutrition Program for Women, Infants and Children (WIC)

The WIC program receives \$500,000,000. Of this amount \$400,000,000 is placed in reserve to be allocated as the Secretary deems necessary to support program participation. The remaining \$100,000,000 goes for information systems for the program.

School Lunch Program

This program receives \$100,000,000 for a grant program for equipment assistance. Funds will be provided to the state based "in a manner proportional with each state's administrative expense allocation." States would provide competitive grants to school food authorities based upon need for equipment assistance for participating schools, with priority given to schools in which 50% or more of the students are eligible for free lunch.

The Emergency Food Assistance Program (TEFAP)

TEFAP receives \$150,000,000, of which the Secretary of Agriculture can use up to \$50,000,000 for costs associated with the distribution of commodities. Half of that amount (\$25,000,000) will be made available in FY 2009. The amounts for commodities will be available via the normal TEFAP allocation formula. Unlike funds for food purchase provided through the normal process, no portion of those funds is convertible into administrative funding. The amounts for administrative funding are in addition to the normal appropriations. They can be used for any allowable TEFAP administrative cost, but states should assume that these funds will not be available beyond September 30, 2010.

The Supplemental Nutrition Assistance Program (SNAP) (Formerly Food Stamps Program)

1. Temporary Maximum Benefit Increase-- beginning the first month that begins no less than 25 days after the date of enactment of the ARRA, the maximum benefit will be calculated as 113.6% of the Thrifty Food Plan. Note that it also applies to the consolidated block grants for Puerto Rico and Samoa. This provision is funded at \$19.9 billion. This increase goes into effect for April 2009 allotment of funds. This higher benefit will not be reduced in future federal fiscal years (see below).
2. Benefits cannot decrease—the law says the multiplier of 13.6% ends September 30, 2009. But, benefits cannot be lower. Benefits will not increase until the total rate of food inflation is more than 13.6% as determined in June of each year. For example, if the benefit is \$100 pre-increase, goes until \$113 April 1, 2009. In June 2009 FNS will determine the value of the TFP - if it is 8% more than June 2008 the benefit will remain at \$113 (not decrease to \$108). If in June 2010 the TFP is 3% more than June 2009 for a total of 11%, the benefit will still remain at \$113.
3. There are certain administrative provisions associated with the change. The Secretary will consider the benefit increases a "mass change" and require a simple process for states to notify households of the increase in benefits. In addition, there is a hold harmless in regard to errors associated with the increase, and the tolerance level for small errors is \$50. The Quality Control variance begins April 1, 2009 and continues, for errors related to the implementation of the adjusted benefit levels through September 30, 2009. The \$25 dollar tolerance level is raised beginning April 1, 2009 and continuing through September 30, 2009.
4. A very helpful part of the SNAP provisions is that \$145,000,000 is made available in FY 2009 and \$150,000,000 (minus \$4,500,000 for oversight/evaluation of the program by the Food and Nutrition Service at USDA) for administrative expenses for the SNAP program. The FY 2009 money is made available to the states no later than 60 days after enactment of the ARRA. The money will be distributed to states as follows: 75% is allocated based on each state's share of SNAP households for the most recent 12 month period for which data are available; 25% is allocated based on the increase in the number of households participating in the SNAP as reported in the most recent 12 month period. There is no maintenance of effort for this requirement. Note that states will need to track expenditures of ARRA's administrative dollars separately from other funds. Also, \$5,000,000 is made available for costs relating to facility improvements and equipment upgrades associated with the Food Distribution Program on Indian Reservations.
5. Able-Bodied Adults Without Dependents (ABAWDs) are temporarily under the regular requirements of the Food Stamp program. States may continue to disqualify individuals from SNAP on the basis of their failure to comply with an Employment and Training Program. However, no one may be disqualified on the basis of the time limit on receipt of benefits for ABAWDs unless the state makes available a work assignment that meets particular requirements. There is no need to track ABAWD, use exemptions, or request waivers until October 1, 2009. These provisions would begin not less than 25 days after the date of

enactment of ARRA and continue for each subsequent month through September 30, 2010. (This period of receiving assistance would be disregarded for ABAWDs).

Assisting the Elderly

Aging Services programs receive \$100,000,000 for nutrition assistance, as follows: \$65,000,000 is for congregate nutrition services and \$32,000,000 is for home-delivered meals, and \$3,000,000 is for nutrition services for Native Americans.

Temporary Assistance to Needy Families (TANF)

Carryover TANF Policy Change

States may use their carryover TANF funds to provide any benefits and services permitted under TANF, not just for cash assistance.

TANF Supplemental Grants

TANF Supplemental Grants are extended through FY 2010. In FY08, the following states were recipients of the TANF supplemental grant.

FY 08 State TANF Supplemental Grant Recipients

Alabama	Mississippi
Alaska	Montana
Arizona	Nevada
Colorado	New Mexico
Florida	North Carolina
Georgia	Tennessee
Idaho	Texas
Louisiana	Utah
Total States - 16	

TANF Emergency Contingency Fund

A new Emergency Contingency Fund is created for the TANF program in the amount of \$5 billion. Funds are made available through FY 2010 and shall be used to make grants in FY 2009 and 2010 for states in three areas: cash assistance caseload increases, non-recurring short term benefits and expenditures for subsidized jobs.

The fund reimburses states for 80% of the increased expenditures on basic assistance (cash welfare), short-term nonrecurring benefits and/or subsidized employment. Federal TANF, state MOE ("state TANF") or separate state program claimed as MOE expenditures can be used as increased expenditures to receive the 80% federal reimbursement. Each state cannot receive more than 50% of their TANF Block Grant from the emergency contingency and regular contingency fund over the two year period. There is no state match or new maintenance of effort requirement for this fund. Once qualified for reimbursement, the law provides that a state can spend the emergency contingency fund payments in any way that a state can use TANF block grant funding.

In order to be reimbursed for cash welfare increases from this fund, states must demonstrate an overall cash welfare caseload increase. This does not apply to reimbursement for non-reoccurring short term

benefits or subsidized employment. This caseload increase is compared to a corresponding quarter of a base year, which is either 2007 or 2008, whichever has the lowest assistance caseload.

States must demonstrate increased expenditures through a similar methodology. This means comparing expenditures under all three categories to either 2007 or 2008, whichever is more advantageous to the state. States may choose different base years for different expenditure categories. States do not have to demonstrate a caseload increase to access reimbursement for increased expenditures for short term non-reoccurring benefits or subsidized employment.

This provision is designed to provide both resources to cover additional needs and give states incentives to address barriers that might impede caseload increases. There is a two year hold harmless to the caseload reduction credit to assist states in meeting work participation rates. At state option, the immediately preceding fiscal year is the fiscal year 2008, 2009, or 2010 with respect to the average monthly assistance caseload of the state. If a state elects such option for fiscal year 2009, then the emergency fund base year of the state will be fiscal year 2007.

The law gives HHS the adjustment authority to look at expenditures and caseload numbers to determine if, in fact, they really represent increased spending or increase caseloads. There is no guidance about whether increases in solely state funded programs are included in caseload or expenditure increase calculations.

Child Care and Early Education

Child Care Block Grant

The Child Care and Development Block Grant (CCDBG) receives \$2 billion in additional funding. This amount includes \$225,186,000 set aside for quality purposes, and of that amount, \$93,587,000 is for activities that improve the quality of infant and toddler care. The CCDBG is appropriated by state legislatures. The total amount of this additional funding is available upon enactment. The funds must be used to supplement, not supplant, state spending for child care for low-income families, but there is no new Maintenance of Effort requirement. HHS will be defining the non-supplantation language.

Head Start and Early Head Start

Head Start receives an additional \$1 billion and Early Head Start receives \$1.1 billion for expansion of those programs. Of the amount for Early Head Start, up to 10% goes for training and technical assistance and up to 3% for monitoring the operation of these programs. The Head Start funding is allotted under the current statutory formula. The Early Head Start funding will be allotted on a competitive basis, and HHS is expected to manage this money to sustain FY 2009 awards through FY 2010. Also, Congress intends regional and American Indian and Alaska Native Early Head Start programs and Migrant and Seasonal Head Start programs to benefit from the Early Head Start program.

Other Funding (U.S. Department of Education)

Funding increases for the IDEA funding stream include \$11.3 billion in Part B, which will be distributed by formula and \$400 million for IDEA section 619 preschool. There is also a \$500 million increase in IDEA Part C (infants-toddlers). Additionally, early childhood education could receive limited increases in funding under the State Fiscal Stabilization Fund in states that include Pre-K as part of their existing elementary and secondary education funding formula.

Child Support

Child Support Enforcement

The legislation temporarily repeals the prohibition on using incentive funds as match to draw down additional federal child support funds to use for their child support enforcement programs. The repeal is through September 30, 2010 and is funded at \$1 billion. In a helpful technical change, child support enforcement (IVD) is not included in the FMAP increase, which keeps state reimbursement to the federal government for this program from increasing.

Child Welfare

Adoption/Foster Care/Relative Guardianship

Title IVE programs-- adoption assistance, foster care, and kinship care programs--receive the overall ARRA FMAP increase of 6.2%, assuming they maintain their Medicaid eligibility standards, methodologies and procedures as they were in effect July 1, 2008, and do not require local governments to pay a larger part of the state's non-federal Medicaid program costs than required on September 30, 2008. If a state does not meet the Medicaid criteria, they are also ineligible for the child welfare FMAP increase. The unemployment boost for the FMAP available for the Medicaid program does not apply. The hold harmless provisions of the FMAP increase related to Medicaid do apply-- any scheduled decrease in FY 2009 are eliminated, and it eliminates any decrease from the first quarter of FY 2011 from the higher of the state's current law level or its hold-harmless level.

This increased federal match rate applies to payments for foster care maintenance, kinship care or adoption; there is no increase for administrative costs.

Other Social Services Programs

Community Services Block Grant (CSBG)

CSBG receives \$1 billion, of which 1% of this additional amount shall be reserved by states for benefit enrollment coordination activities. Funds are to be distributed by the states directly to local eligible entities. The entire amount is to be available upon enactment. Note that states can increase the income eligibility ceiling from 125 percent to 200 percent of the Federal poverty level for services furnished under the CSBG Act during fiscal years 2009 and 2010.

Compassion Capital Fund

This fund receives \$50,000,000 to establish a new initiative to award capacity-building grants directly to nonprofit organizations.

Weatherization

Funding for weatherization is \$5 billion. There are policy changes for this funding, including a change in the program income eligibility level from 150% of poverty to 200% of poverty, and an increase in allowable funding from \$2,500 to \$6,500 per dwelling unit. This is administered by the U.S. Department of Energy.

Supplemental Security Income (SSI)

The ARRA includes a one time payment of \$250 to Social Security beneficiaries and SSI recipients receiving benefits from the Social Security Administration and Railroad retirement benefits as well as veterans receiving disability compensation and pension benefits from the VA.

Related Tax Provisions

The ARRA expands the Earned Income Tax Credit by providing tax relief to low-income families with three or more children and increasing marriage penalty relief.

The ARRA also provides tax credits for hiring recently discharged unemployed veterans and youth that have been out of work and out of school for the 6 months prior to hire.

Important Note:

Although funding increase was discussed for other programs as part of either the Senator or the House proposal, the final legislation provides no funding for:

Low Income Home Energy Assistance (LIHEAP)

Social Services Block Grant (SSBG)

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