



Human Services Provisions of the American Recovery and Reinvestment Act

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February 23, 2009

Congressional Research Service

7-5700

www.crs.gov

R40211

CRS Report for Congress

Prepared for Members and Committees of Congress

Summary

The federal government provides grants-in-aid to states and local governments to provide a range of benefits and human services programs to disadvantaged families and persons. Most such human services are administered, and often designed, at the state and local level. Some human services are provided by community or nonprofit organizations.

The current recession is straining the budgets of state and local governments, putting pressure on many jurisdictions to cut spending or raise taxes, at the same time that these governments potentially face an increase in demand for benefits and services that address economic need. The American Recovery and Reinvestment Act of 2009 (ARRA, P.L. 111-5, H.R. 1) provides additional funding to states and localities for human services programs.

The ARRA increases funding for certain grants to help finance increased transfer payments to households. It creates a temporary (FY2009 and F2010) emergency fund under the Temporary Assistance for Needy Families block grant to help states pay for increased costs of economic aid to families. It increases funding for the Child Care and Development Block Grant by \$2 billion, with most of those funds slated for increasing the number and/or amount of vouchers to subsidize the costs of child care for low-income working families.

The ARRA also provides states with some fiscal relief by temporarily increasing the share of federal funding provided to states for costs in certain entitlement programs. It provides a temporary increase to the federal matching rate for foster care maintenance, adoption assistance, and kinship guardian assistance under Title IV-E of the Social Security Act. It also allows states to receive matching funds on Child Support Enforcement (CSE) incentive payments that are reinvested in the CSE program.

Some human services programs are operated by localities, community organizations, and non-profits. Head Start, a federal program operated at the local level, will receive an additional \$2.1 billion, with at least \$1.1 billion directed Early Head Start.” The ARRA provides an additional \$1 billion for the Community Services Block Grant (CSBG). The ARRA also provides \$50 million in direct grants to nonprofit organizations for capacity building efforts to expand social services in communities affected by the economic downturn.

Proposed funding increases for Low Income Home Energy Assistance (\$1 billion in the House version of ARRA) and the Social Services Block Grant (\$400 million in the Senate version of ARRA) were not a part of the final bill. This report will be updated.

Contents

Introduction	1
TANF.....	2
TANF Funding	2
Changes to TANF in ARRA.....	2
TANF Emergency Fund.....	2
Supplemental Grants.....	3
TANF Work Participation Requirements: The Caseload Reduction Credit.....	3
TANF Carry-Over Funds	3
Child Care and Development Block Grant (CCDBG)	3
CCDBG Funding.....	3
Additional Child Care Funds	4
Child Support Enforcement (CSE).....	4
CSE Funding	4
Temporary Reinstatement of Authority To Provide Federal Matching Payments For State Spending of Child Support Incentive Payments	5
Child Welfare.....	5
Title IV-E Funding	5
Temporary Increase in the Matching Rate for Foster Care, Adoption Assistance, and Kinship Guardian Assistance	6
Head Start.....	6
Head Start Funding.....	7
Additional Head Start Funds.....	7
Community Services Block Grant (CSBG).....	7
Funding for CSBG	8
CSBG Funding Increase.....	8
Funding for Nonprofit Community-Based Organizations	9
Compassion Capital Funding	9
New Funding for Community-Based Nonprofit Organizations	9

Tables

Table 1. The American Recovery and Reinvestment Act: Comparison of Current Law and Three Versions of H.R. 1 for Provisions Related to TANF, Child Care, Child Support Enforcement, and Child Welfare	10
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Contacts

Author Contact Information	23
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Introduction

The federal government provides grants-in-aid to states and local governments to provide a range of benefits and human services programs to disadvantaged families and persons. Most such human services are administered, and often designed, at the state and local level. States and localities also often contribute spending from their own funds for these programs. Some human services are provided by community or nonprofit organizations.

The current recession is straining the budgets of state and local governments, putting pressure on many jurisdictions to cut spending or raise taxes.¹ The recession also might increase the demand for services for programs designed to alleviate economic hardship.

The American Recovery and Reinvestment Act of 2009 (ARRA, P.L. 111-5, H.R. 1) includes provisions to temporarily increase funding for several human services programs. Some of the funding is directed to help finance increases in payments through the states to households and families. Some of the additional funds provided offer fiscal relief to the states for a portion of the costs of certain programs. Additional funding increases would go to localities, community organizations, and faith-based organizations that provide human services.

This report discusses provisions of the ARRA for selected human services programs. The selected programs generally are those that provide benefits and services to families with children, though some programs (e.g., the Community Services Block Grant) provide services to other families as well. All of the programs discussed in this report are administered by the Department of Health and Human Services (HHS). This report does not address proposals related to the Supplemental Nutrition Assistance Program (SNAP, the program formerly known as Food Stamps), nor does it discuss the Medicaid proposals in the bill.²

The ARRA changes spending for some mandatory programs (e.g. Temporary Assistance for Needy Families and the Title IV-E programs of the Social Security Act), as well as providing additional, supplemental appropriations for other programs. The term “additional funding” is used to denote appropriations above those in the regular appropriations for the program. At this point, FY2009 regular appropriations are contained in the FY2009 continuing resolution (P.L. 110-329).

The first part of the report provides a summary of each grant or program’s purpose, current funding, and the proposed changes in the enacted version of the ARRA. It concludes with a table that provides a detailed comparison of current law, the House-passed version of the ARRA, the Senate-passed version of the ARRA, and the final, enacted version of the ARRA. Proposed funding increases for Low Income Home Energy Assistance (\$1 billion in the House version of ARRA) and the Social Services Block Grant (\$400 million in the Senate version of ARRA) were not a part of the final bill, but are shown in the table.³

¹ See U.S. Congressional Budget Office. *The State of the Economy and Issues in Developing Effective Policy Response*, statement of Douglas W. Elmendorf, Director, before the Committee on the Budget, U.S. House of Representatives, January 27, 2009.

² For a discussion of the SNAP proposal, see CRS Report R40160, *Agriculture and Food Provisions in the 2009 Economic Stimulus Package*, coordinated by Jim Monke. For a discussion of the Medicaid proposal, see CRS Report RL32950, *Medicaid: The Federal Medical Assistance Percentage (FMAP)*, by April Grady.

³ These provisions are described in **Table 1**. Libby Perl (7-7806) wrote the description in the table for Low Income (continued...)

TANF⁴

The TANF block grant is best known as a funding source for cash welfare programs that provide assistance to needy families with children. However, TANF also funds a wide range of benefits and services for disadvantaged families with children, as well as activities to further the goals of reducing out-of-wedlock pregnancies and promoting the formation and maintenance of two-parent families.

TANF Funding

The bulk of TANF federal funding is in a basic block grant that totals \$16.5 billion per year. Also part of the TANF financial system is state spending, statutorily set at a minimum of \$10.4 billion per year. Both the basic block grant and the state spending requirement (known as the maintenance of effort, or MOE requirement) have been fixed since Fiscal Year (FY) 1997 without any adjustments. Most TANF grants are funded through FY2010 through amounts pre-appropriated in the Deficit Reduction Act of 2005 (P.L. 109-173).

In addition, TANF has a \$319 million supplemental grant for 17 states based on historically low federal grants per poor person or high population growth. Under pre-ARRA law, supplemental grants would have expired at the end of FY2009.

Finally, TANF has a contingency fund for states that meet criteria of economic need. The 1996 welfare law, which created TANF, appropriated \$2 billion for the contingency fund. At the beginning of FY2009, about \$1.3 billion remained in the contingency fund. Each state's annual contingency fund grants are capped at 20% of their basic state family assistance grant.

Changes to TANF in ARRA

TANF Emergency Fund

The ARRA retains the current TANF contingency fund and adds a new, temporary "emergency contingency fund," that provides extra funding to states in FY2009 and FY2010. States receive extra federal grants to cover 80% of increased recession-related costs in those two years. Recession-related costs are defined as increased basic assistance (for states with increased basic assistance caseloads), non-recurrent short-term benefits, or subsidized employment expenditures. Each state's extra grants would be capped. A state's cumulative, combined funding from both the TANF contingency fund and the temporary emergency fund is limited to 50% of its annual basic TANF block grant for the two years. The ARRA provides an appropriation of \$5 billion for the emergency fund.

(...continued)

Home Energy Assistance. Karen Lynch (7-6899) wrote the description in the table for the Social Services Block Grant.

⁴ This section was written by Gene Falk (7-7344). For more information, see CRS Report R40157, *The Potential Role of the Temporary Assistance for Needy Families (TANF) Block Grant in the Recession*, by Gene Falk.

Supplemental Grants

The ARRA extends the TANF \$319 million supplemental grant through the end of FY2010.

TANF Work Participation Requirements: The Caseload Reduction Credit

The ARRA temporarily modifies the caseload reduction credit toward the TANF work participation standards. The caseload reduction credit reduces TANF work participation for caseload reduction that has occurred since FY2005 to the previous fiscal year. If caseloads rise, the credit diminishes, raising the effective (after credit) work participation standard. The ARRA modifies the credit for the FY2009, FY2010, and FY2011 standards, allowing the credit to be based on caseload reduction through FY2007 or FY2008 for those years. Thus, caseload increases occurring in FY2008 through FY2010 will not reduce caseload reduction credits.

TANF Carry-Over Funds

Under pre-ARRA law, states could reserve unspent TANF grants without fiscal year limit for the purpose of providing cash welfare. The ARRA allows states to use unspent TANF grants for any TANF benefit and service.

Child Care and Development Block Grant (CCDBG)⁵

The Child Care and Development Block Grant (CCDBG) is the primary source of federal funding dedicated solely to child care subsidies for low-income working families (regardless of welfare status). Through the CCDBG, low-income parents receive vouchers or other reimbursement for child care costs to enable them to work or participate in education or training activities. Generally, families must provide a co-payment for child care, but co-pays may be waived under certain circumstances.

CCDBG Funding

Authorization for the Child Care and Development Block Grant (CCDBG) expired in FY2002. However, the discretionary program has continued to receive funding through annual appropriations bills, including \$2.062 billion under the current FY2009 continuing resolution (P.L. 110-329). A second child care funding stream, authorized by section 418 of the Social Security Act, includes \$2.917 billion annually in pre-appropriated mandatory funds through FY2010. These two funding streams (discretionary and mandatory) are frequently referred to, in concert, as the “Child Care and Development Fund” (CCDF). CCDF and CCDBG are terms that are often used interchangeably.

⁵ This section was written by Karen Lynch (7-6899). For more information about the CCDBG, see CRS Report RL30785, *The Child Care and Development Block Grant: Background and Funding*, by Melinda Gish.

Discretionary CCDBG funds are allocated among states according to a formula that is based on each state's share of children under age five, the state's share of children receiving free or reduced-price lunches, and state per capita income. Half of 1% of appropriated funds is reserved for the territories, and between 1% and 2% is reserved for payments to Indian tribes and tribal organizations. There is no state match required in order to receive these discretionary funds.

Additional Child Care Funds

The ARRA appropriates an additional \$2.0 billion in discretionary funds to the CCDBG. The ARRA specifies that these funds should be used to supplement, not supplant, state funding spent on child care assistance for low-income families. The ARRA also specifies that a sum of approximately \$255 million be reserved, out of the total appropriated to CCDBG, for activities designed to: (1) provide comprehensive consumer education to parents and the public; (2) increase parental choice; and (3) improve quality and availability of child care (such as resource and referral services). This sum would augment the amount that states are already required to use for such activities (not less than 4% of the total amount received by each state, per section 658G of the Child Care and Development Block Grant Act). Of the \$255 million, nearly \$94 million is reserved for activities designed to improve the quality of infant and toddler care.

Child Support Enforcement (CSE)⁶

The Child Support Enforcement (CSE) program was enacted in 1975 as a federal-state program (Title IV-D of the Social Security Act) to help strengthen families by securing financial support for children from their noncustodial parent on a consistent and continuing basis and by helping some families to remain self-sufficient and off public assistance by providing the requisite CSE services. The CSE program serves both welfare and non-welfare families. All 50 states and four jurisdictions (the District of Columbia, Guam, Puerto Rico, and the Virgin Islands) operate CSE programs. On average, child support constitutes about 17% of family income for households who receive it. Among poor households who receive it, child support constitutes about 30% of family income.⁷ In FY2007, the CSE program collected \$24.9 billion in child support payments and served nearly 15.8 million child support cases.

CSE Funding

CSE is a matching grant program, with the federal government reimbursing states for a share of the CSE expenditures. In FY2007, CSE program expenditures amounted to nearly \$5.6 billion. The federal government and the states share program costs at the rate of 66% and 34%, respectively.

The federal government also pays states an incentive payment to encourage them to operate effective CSE programs. The incentive payment is based on several factors including the state's performance in five program areas. Federal law capped the amount of incentive payments to the

⁶ This section was written by Carmen Solomon-Fears (7-7306). For more information on the CSE program, see CRS Report RS22380, *Child Support Enforcement: Program Basics*, by Carmen Solomon-Fears.

⁷ Elaine Sorensen and Chava Zibman, "Child Support Offers Some Protection Against Poverty," Urban Institute, March 15, 2000. Also see Elaine Sorensen, "Child Support Gains Ground," Urban Institute, October 6, 2003.

states (in aggregate) at \$483 million for FY2008. For fiscal years after FY2008, the aggregate incentive payment amount is to be increased to account for inflation. Federal law requires states to reinvest CSE incentive payments back into the CSE program or related activities. The Deficit Reduction Act of 2005 (P.L. 109-171) prohibited federal matching/reimbursement of CSE incentive payments that are reinvested in the CSE program.

Temporary Reinstatement of Authority To Provide Federal Matching Payments For State Spending of Child Support Incentive Payments

The ARRA requires HHS to temporarily provide federal matching funds on CSE incentive payments that states reinvest back into the CSE program. This means that CSE incentive payments that are/were received by states and reinvested in the CSE program can be used to draw down federal funds. The ARRA provides the federal matching funds for FY2009 and FY2010 (i.e., the period October 1, 2008, through September 30, 2010).

Child Welfare⁸

Child welfare agencies seek to ensure the well-being of children and their families, including protecting children from abuse or neglect and ensuring that they have safe and permanent homes. The federal government provides support to state child welfare agencies primarily through programs that are authorized under Title IV-B and Title IV-E of the Social Security Act. Title IV-E of the Social Security Act authorizes the foster care, kinship guardianship, and adoption assistance program. Under this program, states are required to provide foster care maintenance payments and adoption assistance payments to eligible children, and the federal government is obligated to reimburse states for a part of the cost of those payments. The recent enactment of the Fostering Connections to Success and Increasing Adoptions Act of 2008 (P.L. 110-351) also gives states the option of providing kinship guardianship assistance payments to eligible children.

Title IV-E Funding

Federal Title IV-E funds are paid quarterly to each state based on the amount of the “claims” submitted by the state. The total claim amount is equal to the total expenditures made by the state that are eligible for federal support under the Title IV-E program. The federal share of the claim amount that is related to making foster care maintenance, adoption assistance, and kinship guardianship assistance payments – that is the amount of federal reimbursement to the state for those costs – is determined using the state’s “federal medical assistance percentage” or FMAP. A state’s FMAP, which is generally determined for the Medicaid program, is annually computed by HHS using a formula provided in statute. States with higher per capita income (relative to the per capita income nationally) receive lower federal reimbursement rates, while states with lower per capita income receive higher federal reimbursement rates. However, no state may have an FMAP that is less than 50% or more than 83%. The state’s FMAP is applied to its total claim amount to

⁸ This section was written by Emilie Stoltzfus (7-2324). For more information on the federal-state child welfare programs, see CRS Report RL34121, *Child Welfare: Recent and Proposed Federal Funding*, by Emilie Stoltzfus.

determine the federal share of Title IV-E funding that is provided to the state for foster care maintenance, adoption assistance, and kinship guardianship assistance payments. For example, if a state has an FMAP of 55%, for every \$100 in Title IV-E foster care maintenance, adoption assistance and kinship guardianship assistance payment claims it submits, the federal government is obligated to reimburse it \$55. In FY2007, states received federal Title IV-E funding for foster care maintenance payments and adoption assistance payments combined, of \$3.1 billion, which represented roughly 55% of the total claims submitted for those payments.

Temporary Increase in the Matching Rate for Foster Care, Adoption Assistance, and Kinship Guardian Assistance

The ARRA temporarily increases the federal matching rate for Title IV-E foster care maintenance, adoption assistance, and kinship guardianship assistance payments. The law provides a general 6.2 percentage point increase in each state's FMAP that applies from October 1, 2008 through December 2010. Further it ensures that no state may have a lower calculated FMAP (before application of the general increase) than it had in FY2008 or any subsequent year during the temporary increase period. The ARRA also provides an additional FMAP increase for states with high unemployment. However, this increase applies only to the Medicaid program and does not apply for purposes of state reimbursement of Title IV-E program costs.⁹ The Congressional Budget Office (CBO) estimated that the temporary FMAP increases will provide states with additional federal child welfare funding (under Title IV-E) of just over \$1.0 billion, which will primarily be received during FY2009 and FY2010.¹⁰

To be eligible for the increased FMAP (for both the Title IV-E and Medicaid programs) states must maintain their Medicaid eligibility standards, methodologies, and procedures as they were in effect on July 1, 2008, and they are not permitted to require local governments to pay a larger part of the state's non-federal Medicaid program costs than otherwise would have been required on September 30, 2008.

Head Start¹¹

Head Start is a federal program that has provided comprehensive early childhood development services to low-income children since 1965. Services provided to preschool-aged children include child development, educational, health, nutritional, social and other activities, intended to prepare low-income children for entering kindergarten. Federal Head Start funds are provided directly to local grantees, rather than through states. Programs are locally designed and are administered by a network of over 1,600 public and private nonprofit and for-profit agencies. In FY2007, Head Start was funded at \$6.888 billion, allowing for funded enrollment of 908,412 children (of whom 61,788 were served by Early Head Start programs).

⁹ See: CRS Report RL32950, *Medicaid: The Federal Medical Assistance Percentage (FMAP)*, by April Grady.

¹⁰ The CBO estimated \$1.041 billion in increased federal Title IV-E outlays under the ARRA (personal communications with CRS). This estimate is a subtotal of the total amount (\$90 billion) estimated by CBO to be provided to states because of the FMAP increase (primarily to the Medicaid program) included in the ARRA. CBO, "Cost Estimate of Conference Agreement to H.R. 1. American Recovery and Reinvestment Act," February 13, 2009.

¹¹ This section was written by Karen Lynch (7-6899). For more information about Head Start, see CRS Report RL30952, *Head Start: Background and Issues*, by Melinda Gish.

The Head Start Act was reauthorized with the signing of the Improving Head Start for School Readiness Act of 2007 (P.L. 110-134) on December 12, 2007. The new law significantly restructured the statutory formula for allocating Head Start funds. Under section 640 of reauthorized Head Start Act, funds are to be distributed as follows: (1) all programs are allotted the same base grant they received in the prior fiscal year; (2) certain set-asides are taken off the total appropriation for activities related to training and technical assistance, research and demonstrations, and discretionary payments for activities such as monitoring; and (3) any funds remaining are then allocated, depending on the amount left available, toward cost-of-living increases, program expansions, quality improvement activities, and State Advisory Councils.¹²

Head Start Funding

The continuing resolution provides FY2009 funding for Head start at a \$6.9 billion annual rate. Both the House and Senate versions of the Labor, Health and Human Services (HHS) and Education Department FY2009 appropriations would provide higher funding for Head Start.

Additional Head Start Funds

The ARRA appropriates an additional \$2.1 billion for Head Start. Of the \$2.1 billion, the ARRA specifies that \$1.0 billion be distributed through the regular Head Start formula. The remaining \$1.1 billion is to be directed toward the expansion of Early Head Start programs. Of the \$1.1 billion for Early Head Start, up to 10% may be spent on training and technical assistance activities for Early Head Start programs and up to 3% may be spent on monitoring activities for such programs. The ARRA does not provide direction on how the Early Head Start expansion funding is to be allocated to grantees by the Department of Health and Human Services.

Community Services Block Grant (CSBG)¹³

The Community Services Block Grant (CSBG) program provides federal funds to states, territories and Indian tribes for distribution to local agencies in support of a variety of antipoverty activities. The origins of the Community Services Block Grant date back to 1964 and Lyndon Johnson's War on Poverty. A centerpiece of the federal antipoverty campaign was the Community Action Program, under which a nationwide network of local, mostly non-profit, Community Action Agencies (CAAs) was developed.

CSBG funds are used for activities designed to have a "measurable and potentially major impact on causes of poverty." A key feature is the direct involvement of low-income people in the design and administration of antipoverty activities, through mandatory representation on the CAAs' governing boards. There is no typical CAA, since each agency designs its programs based on a local community needs assessment. Examples, however, of CSBG-funded services include emergency assistance, home weatherization, activities for youth and senior citizens, transportation, income management and credit counseling, domestic violence crisis assistance,

¹² For a lengthier review of the revised Head Start allocation formula, see page 10 of CRS Report RL30952, *Head Start: Background and Issues*, by Melinda Gish.

¹³ This section was prepared by Karen Spar (7-7319). For more information about CSBG, see CRS Report RL32872, *Community Services Block Grants (CSBG): Funding and Reauthorization*, by Karen Spar.

parenting education, food pantries, and emergency shelters. In addition, local agencies provide information and referral to other community services, such as job training and vocational education, depending on the needs of individual clients. The program is intended to serve the poor, but states (and eligible entities within those states) may choose to serve populations with incomes up to 125% of the federal poverty level.

Of amounts appropriated for the CSBG, 1.5% is reserved by HHS for certain activities, including training and technical assistance, evaluation and program monitoring. Another half of 1% is reserved for the territories, and the remainder is allocated among states according to a formula, which effectively gives states the same percentage shares they received in 1981. States, in turn, are required to pass through at least 90% of their federal block grant allotments to local “eligible entities,” or Community Action Agencies.

Funding for CSBG

About 1,000 local CAAs are currently in existence and receive funding through the CSBG. The block grant is funded at an annual level of \$654 million in FY2009.

CSBG Funding Increase

The ARRA appropriates an additional \$1 billion for the CSBG. The funds are subject to set-aside provisions in the underlying CSBG law that reserve half of 1% for allocation among the territories and 1.5% for training, technical assistance, evaluation and monitoring. Remaining funds are distributed according to the regular CSBG formula to states. The House Appropriations Committee, in its draft report on the recovery package, stated:

The Community Services Block Grant (CSBG) supports employment, food, housing, health, and emergency assistance to low-income families and individuals (including those without children who do not qualify for other types of assistance like Medicaid), the homeless, and the elderly. ... Due to rising unemployment, housing foreclosures, and high food and fuel prices, community action agencies have seen dramatic increases in requests for assistance. These additional economic recovery funds will help to fill gaps in safety net services by targeting funds directly to community action agencies in over 1,000 local communities while they are impacted by revenue shortfalls.”

The ARRA requires states to use at least 1% of funds for state-level activities to coordinate identification and enrollment of eligible individuals in federal, state and local benefit programs for which they are eligible. The remainder would be required to be passed through to local entities.

Funding for Nonprofit Community-Based Organizations¹⁴

Under the authority of section 1110 of the Social Security Act, the Compassion Capital Fund provides grants to help local faith-based and community organizations expand their ability to provide social services to low-income communities. The fund does not typically provide money for direct services.

Compassion Capital Funding

The FY2009 continuing resolution provides \$53 million for the Compassion Capital Fund in FY2009.

New Funding for Community-Based Nonprofit Organizations

The ARRA provides \$50 million for direct grants to nonprofit organizations for capacity building activities to expand social services to communities affected by the economic downturn. These grants will not be provided through the Compassion Capital Fund (as proposed in the House version of ARRA), but through a separate funding stream.

¹⁴ This section was prepared by Joe Richardson (7-7325).

Table 1. The American Recovery and Reinvestment Act: Comparison of Current Law and Three Versions of H.R. 1 for Provisions Related to TANF, Child Care, Child Support Enforcement, and Child Welfare

Provision	Prior Law/ Base Funding	H.R. 1 As Passed the House	H.R. 1 As Passed the Senate	ARRA as Enacted (P.L. 111-5)
State-Based Programs				
TANF Recession Funds	The 1996 welfare reform established a contingency fund under the Temporary Assistance for Needy Families (TANF) block grant. To qualify for contingency dollars, states must spend under the TANF program a sum of their own dollars equal to their pre-TANF FY1994 spending and meet a test of economic need. Economic need is established by either: (1) Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps) participation for the most recent three months for which data are available that is at least 10% higher than it was during the corresponding three-month period in either FY1994 or FY1995; or (2) a three-month average unemployment rate of at least 6.5% and that equals or exceeds 110% of the rate measured in the corresponding three month period in either the previous two years. Eligible expenditures above the pre-TANF level are matched at the Medicaid (Federal Medical Assistance Percentage or FMAP) rate.	Retains the current TANF contingency fund and creates a new, temporary emergency contingency fund for FY2009 and FY2010. States with increased cash welfare caseloads under TANF or separate state programs funded with TANF state maintenance of effort dollars are eligible for capped grants from the fund. Also eligible are states with increased short-term non-recurrent benefit expenditures or increased subsidized employment. The fund reimburses states for 80% of the increased expenditures on basic assistance (cash welfare), short-term non-recurrent benefits, or subsidized employment in TANF and separate state programs, up to a cap. Increased caseloads and expenditures are measured on a quarterly basis, comparing each quarter in FY2009 and FY2010 to the corresponding quarter in the base years of FY2007 and FY2008. The applicable base period varies depending on whichever results in the greatest increase for each state for the basic assistance caseload and by	Same as the House bill.	Same as the House and Senate bills.

Provision	Prior Law/ Base Funding	H.R. 1 As Passed the House	H.R. 1 As Passed the Senate	ARRA as Enacted (P.L. 111-5)
		expenditure category.		
Caps on Individual State Grants	The maximum contingency fund grant a state could receive in a fiscal year equals 20% of its basic TANF block grant.	Total combined state grants from the current law contingency fund and the proposed emergency contingency fund are limited to 25% of a state's basic block grant.	Same as the House bill.	Changed the limit on grants, to a combined, cumulative 50% of a state's annual basic block grant from both the regular and emergency contingency funds for FY2009 and FY2010.
Appropriation, National Funding Cap	The 1996 welfare law appropriated \$2 billion to the contingency fund. At the beginning of FY2009, about \$1.3 billion remained.	The emergency fund is appropriated such sums as necessary (no national funding cap, but total funding is limited by individual state caps discussed above). No additional funding for the current contingency fund.	The emergency fund is appropriated \$3 billion for FY09, with authority to allow funds to be obligated to the states through FY2010. No additional funding for the current contingency fund.	The emergency fund is appropriated \$5 billion for FY09, with the authority to allow funds to be obligated to the states through FY2010. No additional funding for the current law contingency fund.
Puerto Rico and the Territories	The Commonwealth of Puerto Rico and territories of Guam and the Virgin Islands are ineligible for TANF contingency funds.	Puerto Rico, Guam, and the Virgin Islands are eligible for emergency contingency funds.	Puerto Rico, Guam, and the Virgin Islands are eligible for emergency contingency funds. In addition, any payments from the emergency contingency fund are excluded from the overall limit on federal funding for public assistance programs, including TANF, that applies to these jurisdictions.	Same as the Senate bill.
Tribes operating tribal TANF programs	Tribes operating tribal TANF programs are ineligible for contingency funds	No provision.	No provision.	Tribes operating tribal TANF programs are eligible for emergency fund grants, under the same manner and rules that apply to states receiving emergency funds.

Provision	Prior Law/ Base Funding	H.R. 1 As Passed the House	H.R. 1 As Passed the Senate	ARRA as Enacted (P.L. 111-5)
TANF Supplemental Grants	TANF provides supplemental grants to 17 states that met historical criteria of low federal grants for welfare per poor person and/or high population growth. Supplemental grants total \$319 million, but are set to expire at the end of FY2009.	No provision.	Extends supplemental grants through FY2010.	Adopts the Senate provision, extending supplemental grants through FY2010.
TANF Reserve Funds	States may reserve unused TANF funds without fiscal year limit. However, the use of these reserves is restricted to providing assistance (essentially cash welfare).	No provision.	Allows states to use reserve TANF funds for any TANF benefit, service, or activity.	Adopts the Senate provision, allowing states to use TANF reserves for any TANF benefit, service, or activity.
TANF Work Participation Standards (Caseload Reduction Credit)	TANF established federal work participation standards, which are numerical performance standards that states must meet or be subject to a financial penalty. A state must meet two standards – the all family standard of 50% and the two-parent standard of 90%. These standards may be met either by engaging participants in creditable activities or through reductions in the cash welfare caseload. States are given a caseload reduction credit toward the standards of one percentage point for each percent decline in the caseload from FY2005 to the preceding fiscal year. Under current law, the caseload reduction credit for FY 2009 is based on caseload change from FY2005 to FY2008; the credit for FY2010 will be based on caseload change from FY 2005 to FY2009; the	The proposal gives states an optional measuring period for the caseload reduction credit that would apply to the FY2010 and FY2011 standards. States would have the option to measure caseload reduction from FY 2005 to either FY2007 or FY2008 when determining the caseload reduction credit toward the TANF work participation standards for those two years.	Same as the House bill, but also allows states to use caseload reduction from FY2005 to FY2007 for purposes of the FY2009 participation standards.	Same as the Senate bill. For meeting the FY2009, FY2010, and FY2011 standards, states are given the option to base their caseload reduction credit on caseload change from FY2005 to either FY2007 or FY2008.

Provision	Prior Law/ Base Funding	H.R. 1 As Passed the House	H.R. 1 As Passed the Senate	ARRA as Enacted (P.L. 111-5)
	caseload reduction credit for Fiscal Year 2011 will be based on caseload change from Fiscal Year 2005 to FY2010.			
Child Care Appropriations	<p>Two appropriations fund grants to states to help subsidize child care costs for low-income families:</p> <p>Section 418 of the Social Security Act provides pre-appropriated mandatory funds totaling \$2.917 billion annually through FY2010.</p> <p>Authorization for the discretionary CCDBG program expired in FY2002, but CCDBG has continued to receive discretionary funding through the annual appropriations process. The FY2009 CR maintains discretionary CCDBG funding at \$2.062 billion in FY2009.</p>	<p>No provision.</p> <p>Appropriates \$2.0 billion in discretionary CCDBG funds, of which \$1.0 billion would become available on October 1, 2009.</p>	<p>No provision.</p> <p>Appropriates \$2.0 billion in discretionary CCDBG funds, which would remain available for obligation through September 30, 2010.</p>	<p>No provision.</p> <p>Same as the Senate bill.</p>
Use of Funds to Supplement, Not Supplant State Child Care Spending	Discretionary CCDBG funds do not require state match or maintenance of effort, but the mandatory child care funds do.	Stipulates that these funds may not be used to supplant existing state general revenue funding for child care assistance for low-income families.	Same as the House bill.	Same as the House and Senate bills.

Provision	Prior Law/ Base Funding	H.R. 1 As Passed the House	H.R. 1 As Passed the Senate	ARRA as Enacted (P.L. 111-5)
Quality Activities	Section 658G of the Child Care and Development Block Grant Act specifies that not less than 4% of the total amount received by each state go toward some combination of activities related to providing comprehensive consumer education to parents and the public, increasing parental choice, and improving the quality and availability of child care.	Same as current law.	Specifies that, in addition to amounts required to be reserved for activities under 658G of the CCDBG Act, approximately \$255 million in additional funds shall be reserved from the amount appropriated for use in carrying out these activities. Of the \$255 million, about \$94 million is reserved for activities to improve the quality of care for infants and toddlers.	Adopts the Senate language requiring \$255 million for activities under section 658G of the CCDBG Act and specifies that about \$94 million is reserved for activities to improve the quality of care for infants and toddlers.
Set-Aside for Management and Oversight	No provision.	Section 1106 of the bill provides that, unless specified otherwise, up to 0.5% of amounts appropriated may be used for federal management and oversight. However, the bill specifies that this provision does not apply to the CCDBG appropriation.	No provision.	No provision.
Social Services Block Grant (SSBG) State Entitlement/ Appropriation	SSBG is a permanently authorized, annually appropriated entitlement capped at \$1.7 billion. The FY2009 continuing resolution maintains SSBG funding at \$1.7 billion. Funds must be obligated to states within the same fiscal year in which they are appropriated.	No provision.	Appropriates \$400 million in SSBG funds. Requires that funds be obligated to states within 60 calendar days from the date at which they become available for obligation.	Adopts the House position, and provides no additional funds to SSBG.

Provision	Prior Law/ Base Funding	H.R. 1 As Passed the House	H.R. 1 As Passed the Senate	ARRA as Enacted (P.L. 111-5)
SSBG Allocations to the States	Section 2003 of the Social Security Act specifies that funds be allocated to states according to relative population size. Eligible territories (Puerto Rico, Guam, the Virgin Islands, and Northern Marianas) receive funds based on their share of Title XX funds in FY1981.	No provision	voids the regular allocation formula and specifies that the additional funds be allocated on the basis of unemployment.	Not applicable. No additional SSBG funds provided.
Low Income Home Energy Assistance	The LIHEAP statute authorizes two categories of funding for the program: regular funds, which are distributed via formula to grantee states, tribes and territories, and contingency funds, which are distributed to grantees at the discretion of the Secretary of HHS. Section 2602(b) of the Low-Income Home Energy Assistance Act of 1981 most recently authorized LIHEAP regular funds for fiscal years FY2005 through FY2007 at \$5.1 billion. Section 2602(d) most recently authorized LIHEAP leveraging incentive grants through FY2004 at between \$30 million and \$50 million (depending on the level of the regular fund appropriation). For FY2009, Congress appropriated \$4.51 billion for LIHEAP regular funds as part of the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act (P.L. 110-329). Of this amount, HHS allocated \$27 million for leveraging incentive grants. No funds have been	Would appropriate \$1 billion for LIHEAP regular funds and leveraging incentive grants, which would be made available to grantees in FY2010.	No provision.	No provision. No additional LIHEAP funds.

Provision	Prior Law/ Base Funding	H.R. 1 As Passed the House	H.R. 1 As Passed the Senate	ARRA as Enacted (P.L. 111-5)
	appropriated for LIHEAP in FY2010.			
Set-aside for Management and Oversight	No provision.	Section 1106 of the bill provides that, unless specified otherwise, up to 0.5% of amounts appropriated may be used for federal management and oversight. However, the bill specifies that this provision does not apply to LIHEAP.	No provision.	Not applicable.
Child Support Enforcement: Matching Incentive Payments	The federal government reimburses each state 66% of its expenditures on Child Support Enforcement (CSE) activities. The federal government also provides states with an incentive payment to encourage them to operate effective CSE programs. Federal law requires states to reinvest CSE incentive payments back into the CSE program or related activities. P.L. 109-171 (the Deficit Reduction Act of 2005) prohibited federal matching/reimbursement of CSE incentive payments that are reinvested in the CSE program.	Requires HHS to temporarily provide federal matching funds on CSE incentive payments that states reinvest back into the CSE program. This means that CSE incentive payments that are/were received by states and reinvested in the CSE program can be used to draw down federal funds. Federal matching funds for CSE incentive payments are to be provided for FY2009 and FY2010 (i.e., the period October 1, 2008 through September 30, 2010).	Same as the House bill, except that federal matching funds for CSE incentive payments are to be provided for the period October 1, 2008 through December 31, 2010.	Adopts the House bill, providing federal matching of CSE incentive payments through September 30, 2010.

Provision	Prior Law/ Base Funding	H.R. 1 As Passed the House	H.R. 1 As Passed the Senate	ARRA as Enacted (P.L. 111-5)
Title IV-E Foster Care and Adoption Assistance Maintenance Payment Matching Rate	All states with an approved Title IV-E plan are entitled to receive federal reimbursement of Title IV-E foster care maintenance payments, adoption assistance payments (and as applicable) kinship guardianship assistance payments at their Federal Medicaid Assistance Percentage (FMAP) rate. States with higher per capita income (relative to the per capita income in the nation as a whole) receive a lower FMAP and vice versa. However no state may receive an FMAP that is less than 50% or greater than 83%.	After applying the hold harmless provision (see below), provides a general increase of 4.9 percentage points to a state's FMAP for the period October 1, 2008 through December 31, 2010. (For example a state with a 55.0% FMAP, after taking into account the hold harmless, would have that increased to 59.9% during that period.)	Same as House bill except that the general increase would be 7.6 percentage points. (For example, a state with a 55.0% FMAP, after taking into account the hold harmless, would see its FMAP increased to 62.6% during the period October 1, 2008 through December 31, 2010.)	Set the general increase in the FMAP at 6.2 percentage points. (For example, a state with a 55.0% FMAP, after taking into account the hold harmless, would see its FMAP increased to 61.2% during the period October 1, 2008 through December 31, 2010.)
Hold Harmless	The FMAP is recalculated annually.	For FY2009, FY2010 and the first quarter of FY2011, the state's regularly calculated FMAP (before application of the general increase) may not be lower than what it was in FY2008 or in any subsequent year.	Same as House bill.	Same as House and Senate bill.
Unemployment-related increase in the FMAP	No provision.	States with increased unemployment would receive an additional increase in their FMAP for purposes of the Medicaid program only. That is, the additional increase does not apply to Title IV-E funding.	Same as House bill.	Same as House and Senate bill.
Special Provisions Related to the District of Columbia	The FMAP for the District of Columbia is fixed at 70%.	No provision.	No provision.	Ensures that, for Title IV-E purposes, any general FMAP increase in the District of Columbia is applied to the jurisdiction's 70% FMAP.

Provision	Prior Law/ Base Funding	H.R. 1 As Passed the House	H.R. 1 As Passed the Senate	ARRA as Enacted (P.L. 111-5)
Special Provision Related to the Commonwealth of Puerto Rico and the Territories	The FMAP for the Commonwealth of Puerto Rico and the territories is fixed at 50%. For each of these jurisdictions, total federal public assistance funding, including, funding under Title IV-E, Title IV-A, and grants to assist the aged, blind, and disabled, is capped at fixed dollar amounts.	No provision.	No provision.	Provides that any Title IV-E payments to Puerto Rico and the territories that are attributable to the temporary FMAP increase do not count toward their overall cap on federal funding for public assistance.
State eligibility for temporary FMAP increase (for purposes of Medicaid program and Title IV-E program)	Within federal parameters, states are permitted to establish their own Medicaid eligibility standards, methodologies and procedures. States must pay for a certain portion of the Medicaid program costs with non-federal (e.g., state or local) funds.	States would be required to maintain the eligibility standards, methodologies and procedures as they were in effect on July 1, 2008. They would also be required to ensure that local governments do not pay a larger percentage of the state's non-federal Medicaid expenditures than otherwise would have been required on September 30, 2008.	Same as House bill	Same as the House and Senate bills.
Moratorium on Certain Medicaid-related rules (related to potential funding sources for child welfare programs)	In 2007 and 2008 the HHS (Centers for Medicare and Medicaid, CMS) issued proposed or interim final regulations related to a variety of issues, including targeted case management (TCM) and the rehabilitative services option. These Medicaid program options are often used by states to support child welfare purposes. For a variety of reasons, Congress enacted moratoriums on implementation of all, or parts of, these rules until April 1, 2009.	Would extend these moratoria until July 1, 2009.	No provision.	Extends the current moratorium on implementation of part of final regulation related to targeted case management (TCM) through July 1, 2009. Provides a "Sense of Congress" that HHS should not issue its proposed regulation on rehabilitative services as a final rule.

Provision	Prior Law/ Base Funding	H.R. 1 As Passed the House	H.R. 1 As Passed the Senate	ARRA as Enacted (P.L. 111-5)
Local and Community-Based Programs				
<p>Head Start</p> <p>Appropriation</p>	<p>Head Start is authorized to receive \$7.650 billion in FY2009, but the current CR funds Head Start at \$6.878 billion</p>	<p>Appropriates \$2.1 billion for Head Start, of which \$1.050 billion would become available on October 1, 2009.</p>	<p>Appropriates \$1.05 billion for Head Start, which would remain available for obligation through September 30, 2010.</p>	<p>Appropriates \$2.1 billion for Head Start, which would remain available for obligation through September 30, 2010.</p>
<p>Allocation of funds</p>	<p>Section 640 of the Head Start Act establishes the allocation formula for Head Start as follows: (1) all programs are allotted the same base grant they received in the prior fiscal year; (2) certain set-asides are taken off the total appropriation for activities related to training and technical assistance, research and demonstrations, and discretionary payments for activities such as monitoring; and (3) any funds remaining are then allocated, depending on the amount left available, toward cost-of-living increases, program expansions, quality improvement activities, and State Advisory Councils.</p>	<p>Stipulates that \$1.0 billion is to be allocated under the current law Head Start allocation formula (section 640 of the Head Start Act).</p> <p>Stipulates that \$1.1 billion is to be used specifically for expansion of Early Head Start programs, outside the scope of the current law allocation formula. Of the \$1.1 billion, up to 10% may be spent on training and technical assistance activities for Early Head Start programs and up to 3% may be spent on monitoring activities for such programs.</p>	<p>Stipulates that \$500 million is to be allocated under the current law Head Start allocation formula.</p> <p>Stipulates that \$550 million is to be used specifically for expansion of Early Head Start programs. Of the \$550 million, up to 10% may be spent on training and technical assistance activities for Early Head Start programs and up to 3% may be spent on monitoring activities for such programs.</p>	<p>Adopts the House bill, by appropriating \$1.0 billion to be allocated under the current law Head Start allocation formula (section 640 of the Head Start Act).</p> <p>Adopts the House bill by appropriating \$1.1 billion to be used specifically for expansion of Early Head Start programs, outside the scope of the current law allocation formula. Of the \$1.1 billion, up to 10% may be spent on training and technical assistance activities for Early Head Start programs and up to 3% may be spent on monitoring activities for such programs.</p>

Provision	Prior Law/ Base Funding	H.R. 1 As Passed the House	H.R. 1 As Passed the Senate	ARRA as Enacted (P.L. 111-5)
Set-Aside for Timely Award of Grants	Funds must be obligated to states within the same fiscal year in which they are appropriated.	Section 1103 of the bill states that, unless specified otherwise, competitive grants shall be awarded no later than 90 days after enactment (or the date at which the funding becomes available for obligation), with an additional 30 days provided to brand new programs. The bill specifies that this provision does not apply to the \$1.1 billion in Early Head Start funding. This provision would apply to the \$1.0 billion in formula Head Start funding.	Stipulates that the full \$1.050 billion would remain available for obligation through September 30, 2010.	Makes the \$2.1 billion available for obligation through September 30, 2010. The joint explanatory statement in the conference report encourages HHS to allocate the funds such that increases in FY2009 are maintained in FY2010.
Set-Aside for Management and Oversight	No provision.	Section 1106 of the bill provides that, unless specified otherwise, up to 0.5% of amounts appropriated may be used for federal management and oversight. The bill specifies that this does not apply to the \$1.1 billion in Early Head Start funds. This provision would apply to the \$1.0 billion in formula Head Start funds.	No provision.	No provision.
Community Service Block Grant Appropriation	Such sums as necessary are authorized to be appropriated. Technically, the authorization of appropriations expired in FY2003; however, Congress has continued to provide annual appropriations for the program. The FY2009 annual appropriations level is \$654 million.	Appropriates \$1 billion, of which \$500 million would become available on October 1, 2009.	Appropriates \$200 million to remain available through September 30, 2010.	Appropriates \$1 billion.

Provision	Prior Law/ Base Funding	H.R. 1 As Passed the House	H.R. 1 As Passed the Senate	ARRA as Enacted (P.L. 111-5)
<p>Reservation of Funds and Allotments to States</p>	<p>Of amounts appropriated, half of 1% is reserved for allocation among the territories; 1.5% is reserved for federal and state training and technical assistance, evaluation, and program monitoring; and 9% is reserved for discretionary activities. Congress typically overrides the 9% set-aside provision and specifies amounts to be appropriated for these discretionary activities.</p> <p>Remaining funds are allocated among states according to the amount received by each state in FY1981 under CSBG's predecessor program, subject to certain minimum and maximum state allotment requirements (which are contingent on funding reaching a certain level).</p>	<p>The current law set-aside for the territories would be made, but funds would not be subject to the other set-asides specified in current law.</p> <p>Remaining funds would be allocated among states according to current law.</p>	<p>Funds would not be subject to the 9% set-aside for discretionary activities but the other current law set-asides would be made.</p> <p>Remaining funds would be allocated among states according to current law.</p>	<p>Same as the Senate version. Funds would not be subject to the 9% set-aside for discretionary activities but the other current law set-asides would be made. Remaining funds to be allocated according to current law.</p>
<p>Use of Funds</p>	<p>States are required to pass through at least 90% of federal block grant allotments to local eligible entities and may use remaining amounts for various state-level antipoverty activities.</p>	<p>Requires states to pass through 100% of recovery funds to local eligible entities.</p>	<p>Current law – requiring states to pass through at least 90% of federal funds – continues to apply. However, states are also required to reserve 5% of federal recovery funds for benefits enrollment coordination activities, related to the identification and enrollment of eligible individuals and families in federal, state, and local benefit programs.</p>	<p>States are required to reserve 1% of federal recovery funds for benefits enrollment coordination activities, related to the identification and enrollment of eligible individuals and families in federal, state, and local benefit programs. Requires all remaining recovery funds to be passed through to local eligible entities.</p>
<p>Definition of Poverty</p>	<p>States may choose to define "poverty" at 125% of the federal poverty level if it serves program objectives.</p>	<p>Changes 125% to 200% for FY2009 and FY2010.</p>	<p>Current law applies.</p>	<p>Adopts the House provision. Changes 125% to 200% for FY2009 and FY2010.</p>

Provision	Prior Law/ Base Funding	H.R. 1 As Passed the House	H.R. 1 As Passed the Senate	ARRA as Enacted (P.L. 111-5)
Set-aside for Management and Oversight	No provision.	Section 1106 of the bill provides that, unless specified otherwise, up to 0.5% of amounts appropriated may be used for federal management and oversight. However, the bill specifies that this provision does not apply to the CSBG appropriation.	No provision.	No provision.
Grants to Non-profit organizations	Under the authority of Section 1110 of the Social Security Act, Congress appropriated \$53 million for the Compassion Capital Fund in FY2009. This fund provides grants to help local faith-based and community organizations expand and strengthen their ability to provide social services to low-income communities.	Provides a total of \$100 million in additional funding for the Compassion Capital fund—\$50 million for FY2009 and \$50 million for FY2010.	No provision.	Under Section 1110 of the Social Security Act, provides \$50 million for direct grants to nonprofit organizations for capacity building activities to expand social services to communities affected by the economic downturn.

Source: Congressional Research Service (CRS).

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