

Special Report on the Economic Recovery Plan

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Economic Recovery

Last week was consumed with work on the economic recovery bill that was finally completed on Friday night with an exciting nail-biter vote in the Senate. The Senate actually had to hold the vote open for hours until Sen. Sherrod Brown (D-OH) could be flown back from his mother's memorial service to cast the 60th vote needed for passage in the Senate. The final votes were 246-183 in the House with no Republicans supporting and 60-38 in the Senate with three Republicans supporting (Maine Sens. Snowe, Collins and Specter (PA)). The President is expected to sign the bill this week, probably Monday or Tuesday.

The Senate passed its amended version on Tuesday, Feb. 10 on a t 61-37 vote. The same three Republicans voted for the bill: Sens. Collins (ME), Snowe (ME), and Specter (PA). Sen. Kennedy flew in just for the vote. The House had passed its version on Jan. 28. Conferees were then appointed and urged by the White House to quickly reconcile the massive differences in the two versions. Miraculously, and mostly behind closed doors, conferees were able to finalize a bill by the end of the week. Although major cuts were made in order to win the votes of the three Senate Republicans, the final bill still contains huge amounts of federal funding that will impact people with disabilities and families.

Once the Stimulus bill is signed into law, AUCD will work to provide technical assistance to network members to ensure that this large influx of funding will be used to assist people with disabilities and families. Meanwhile, the Center on Budget and Policy Priorities continues to update its analyses of the state by state impact of the provisions in the bill: www.cbpp.org.

Below is an updated table comparing the House and Senate bills to the final conference agreement passed by the Congress ready to be signed by the President. Following the table are excerpts from the conference report with additional explanatory remarks for some of the programs. The conference report is linked to the House Rules Committee website at <http://www.rules.house.gov/>.

House and Senate Economic Recovery bills Compared

	House	Amended Senate	Final conference
<u>Education</u>			
IDEA Part B state grants	\$13 billion	\$13 billion	\$12.2 billion
Preschool grants	\$0.0	15% of Part B	\$400 million*
Part C Early Intervention	\$600 million	\$500 million	\$500 million
Title I of ESEA	\$13 billion	\$12.4 billion	\$13 billion
Institute of Education Sciences	\$250 million	\$0.0	\$250 million
Pell Grants	\$15.6 billion	\$13.9 billion	\$15.6 billion
College work study	\$490 million	\$0.0	\$200 million
Teacher Quality grants	\$300 million	\$50 million	\$100 million
State Fiscal Stabilization Fund	\$79 billion	\$39 billion	\$53.6 billion
Head Start	\$1 billion	\$1 billion	\$1 billion
Early Head Start	\$1.1 billion	\$1.1 billion	\$1.1 billion

Corporation for National and Community Service (AmeriCorps)	\$200 million	\$200 million	\$200 million
<u>Health Care</u>			
Medicaid FMAP increase	\$87 billion	\$87 billion	\$87 billion
Moratorium of Medicaid Regs	Extends thru Oct. 1	Sense of Senate passed	Moratorium included
HRSA (community health centers)	1.5 billion	\$1.8 billion	\$2 billion
HRSA (health workforce)	\$600 million	\$0	\$500 million
<u>NIH</u>			
Nat'l Center for Research Resources	\$1.5 billion	\$3 billion	\$1.3 billion
Office of Director	\$1.5 billion	\$9.2 billion	\$8.2 billion
Buildings & facilities	\$500 million	\$500 million	\$500 million
AHRQ Comparative Effectiveness Research	\$1.1 billion	\$1.1 billion	\$1.1 billion
<u>CDC</u>			
CDC Prevention and wellness	\$3 billion	\$0	\$1 billion
CDC Facilities modernization/renovations	\$462 million	\$412 million	\$0.0
<u>Employment</u>			
VR State Grants	\$500 million	\$500 million	\$540 million
WIA	\$4 billion	\$3.3 billion	\$3.9 billion
Centers for Independent Living	\$200 million	\$110 million	\$140 million
<u>Social Security</u>			
SSA National Computer Center	\$400 million	\$750 million	\$500 million
SSA backlog and claims	\$500 million	\$0	\$500 million
<u>Human Services</u>			
Child Care Development BG	\$2 billion	\$2 billion	\$2 billion
Community Services BG	\$1 billion	\$2 billion	\$1 billion
Social Services Block Grant	\$0	\$400 million	\$0.0

*this amount is of the 12.2 billion Part B funds

Education

The conference report provides \$13 billion for Title I of ESEA to be provided to school districts over two fiscal years. According to the conference report, half of the funds will be made available on July 1, 2010. Conferees expect states to use some of the funding for early childhood programs. The conference report also states that \$200 million is for the Innovation and Improvement account which would be used for the Teacher Incentive Fund (TIF) program.

For IDEA, the conference agreement provides \$12.2 billion for Part B. Within that total \$400 million is for Section 619 of Part B for early childhood and \$500 million is for Part C Early Intervention. As in Title I, these funds are to be provided over two years to help mitigate the reduction in local revenues and state support to school districts. The report states that the Dept. of ED shall provide half of these funds on July 1, 2010.

The conference agreement provides \$53.6 billion for a State Fiscal Stabilization Fund. These funds are available upon enactment for critical education and other services. These funds may only be used for activities authorized under the ESEA, IDEA, Carl Perkins, and for school modernization. Governors may use up to 17 percent (\$8.2 billion) for public safety and other government services, which may include education services and higher education modernization, renovation and repairs. Governors will have to submit applications for these funds and provide certain assurances, including 3 key areas: 1. achieve

equity in teacher distribution; 2. establish a longitudinal data system that includes elements of America COMPETES Act, and 3. enhance the quality of academic assessments relating to English language learners and **students with disabilities**. The report also includes \$650 million for an “Innovation Fund” awarded by the Secretary of ED.

Employment and Rehab Services

The conference agreement includes \$3.9 billion for Workforce Investment Act programs. The conference agreement also includes \$680 million for the Rehabilitation Services and Disability Research. Within the total provided, \$540 million is available for Vocational Rehabilitation State Grants. The conferees include \$140 million for Independent Living programs. The House proposed \$200 million, whereas the Senate proposed \$110 million for Independent Living programs. The conference report specifies that the \$140 million funding be allocated as follows: \$18,200,000 for State Grants; \$87,500,000 for Independent Living Centers; and \$34,300,000 for Services for Older Blind Individuals.

NIH

The final conference provides an additional \$10 billion for the National Institutes for Health (NIH). The House had proposed \$3.5 billion. This huge increase was the result of a successful amendment by Sen. Specter. Of this amount, \$8.2 billion is for the Office of the Director, with \$7.4 billion designated for transfer to the Institutes, Centers, and Common Fund, and \$800 million retained for the Office of the Director. The conference agreement adopts the Senate guidance that, to the extent possible, the \$800 million retained in the Office of the Director shall be used for purposes that can be completed within two years; priority shall be placed on short-term grants that focus on specific scientific challenges, new research that expands the scope of ongoing projects, and research on public and international health priorities. Bill language is included to permit the Director of NIH to use \$400,000,000 of the funds provided in this account for the flexible research authority.

The conference agreement provides \$1.3 billion for the National Center for Research Resources (NCRR), with \$1 billion for "competitive awards for the construction and renovation of extramural research facilities" and \$300 million for "shared instrumentation and other capital equipment." The conference agreement also provides \$500 million for the Buildings and Facilities account to be used for construction and renovation of NIH intramural buildings.

The conference agreement includes \$1.1 billion for “comparative effectiveness research,” which is the same level as proposed by both the House and the Senate.

In response to controversy surrounding the increase in funds for this type of health research, the committee report takes pains to point out that the “conferees do not intend for the comparative effectiveness research funding to be used to mandate coverage, reimbursement, or other policies for any public or private payer. The funding in the conference agreement shall be used to conduct or support research to evaluate and compare the clinical outcomes, effectiveness, risk, and benefits of two or more medical treatments and services that address a particular medical condition. Further, the conferees recognize that a "one-size-fits-all" approach to patient treatment is not the most medically appropriate solution to treating various conditions and include language to ensure that subpopulations are considered when research is conducted or supported with the funds provided in the conference agreement.” The conference agreement includes a general provision establishing a Federal Coordinating Council for Comparative Effectiveness Research (Council).

Children and Families

The conference agreement includes \$2 billion for the Child Care and Development Block Grant, as proposed by both the House and Senate. The entire amount is available upon enactment. The conference agreement also adopts the Senate proposal to set aside \$255,186,000 of these funds for quality

improvement activities, of which \$93,587,000 shall be for activities to improve the quality of infant and toddler care. The agreement includes bill language requiring States to reserve 1 percent of their allocation for benefit coordination services and to distribute the remaining funds directly to local eligible entities. It also permits States to increase the income eligibility ceiling from 125 percent to 200 percent of the Federal poverty level.

Within the total provided for Children and Families Services Programs, \$50 million is provided to establish a new initiative to award capacity-building grants directly to nonprofit organizations, instead of \$100 million for the Compassion Capital Fund as proposed by the House. The conferees intend that this program will expand the delivery of social services to individuals and communities affected by the economic downturn. The conferees expect that grantees have clear and measurable goals, and must be able to evaluate the success of their program.

HRSA

The final conference provides a total of \$2.5 billion for HRSA. Of this, \$500 million is to expand services provided at community health centers; \$1.5 billion is for health center construction, renovation and equipment (including health IT); and \$500 million is for health professions programs (\$300 million is allocated to the National Health Service Corps and the remaining \$200 million is provided for primary care medicine, dentistry, public health and preventive medicine program, the scholarship and loan repayment programs authorized under PHSA under title VII and title VIII).

CDC

AUCD is disappointed to report that the conference report provides only \$1 billion for the Wellness and Prevention fund. The original Senate bill had \$5.8 billion and the House bill contained \$3 billion. This is one of the provisions that took the biggest hit when Republicans demanded major cuts to the bill prior to passage. Additionally, the conference agreement includes language proposed by the House that funding may be transferred to other appropriation accounts of the Department of Health and Human Services (HHS), as determined by the Secretary to be appropriate. The final allocation of the \$1 billion is as follows: \$300 million for the CDC 317 immunization program; \$50 million to reduce healthcare associated infections; \$650 million to carry out evidence-based clinical and community-based prevention and wellness strategies authorized by the Public Health Services Act as determined by the Secretary, that deliver specific, measurable health outcomes that address *chronic* (emphasis added) disease rates (this language is much more narrow than draft language circulated earlier that included infectious diseases and disabilities).

The conference agreement does not include funding for building and facilities at the CDC. The House and Senate had both provided \$400 million for this activity.

Corporation for National and Community Service (CNCS)

The conference agreement includes \$160 million for the operating expenses of the programs administered by the Corporation for National and Community Service (CNCS). This is the program that provides funds for the National Service Inclusion Program to reach out to and include people with disabilities in service.

Within the total provided for Operating Expenses, the conference agreement includes the following amounts:

- (1) \$89,000,000 shall be used to make additional awards to existing AmeriCorps State and national grantees and to provide adjustments to awards made prior to September 30, 2010 for which the Chief Executive Officer of the CNCS determines that a waiver is warranted;
- (2) \$6,000,000 shall be transferred to CNCS "Salaries and Expenses" for necessary expenses relating to information technology upgrades, of which up to \$800,000 may be used to administer the funds provided

for CNCS programs - the House proposed similar language with regard to management and oversight of funds and the Senate proposed similar language with regard to information technology upgrades;

(3) not less than \$65,000,000, as proposed by the Senate, for the AmeriCorps Volunteers in Service to America (VISTA) program; and,

(4) up to 20 percent of the funding provided for AmeriCorps State and National grants may be used for national direct grants.

Finally, the conference agreement provides \$40 million for the National Service Trust.

Medicaid/FMAP

The economic recovery bill provides a temporary increase in the share of the Medicaid program paid by the federal government (known as the Federal Medical Assistance Percentage or “FMAP”). The provision will take effect immediately and provide states with approximately \$87 billion in assistance over nine calendar quarters (October 1, 2008 through December 31, 2010).

There are three components to the policy. First, each state will be “held harmless” from any drop in its FMAP rate that would otherwise occur under the regular FMAP formula as a result of an increase in its per capita income in years prior to the recession. (States with higher incomes have lower FMAP rates than states with lower incomes.) Second, each state will receive a “base” 6.2-percentage-point FMAP increase. Third, states that are experiencing large increases in their unemployment rates — as most states are — will receive an additional FMAP increase, that would proportionally reduce the states’ share of Medicaid costs by 5.5 percent, 8.5 percent, or 11.5 percent, depending on the size of the increase in unemployment.

To receive an increased FMAP under this proposal, a state must satisfy two requirements. First, a state may not have Medicaid eligibility levels that are more restrictive than were in effect on July 1, 2008. States whose current eligibility levels do not meet this test would still be eligible to qualify for an increased FMAP if they take action to restore eligibility to July 2008 levels. Second, a state must ensure that it is promptly paying physicians, hospitals, and nursing homes that provide Medicaid services.

AUCD will continue to monitor and share important information regarding the use of the economic recovery bill as it becomes available.

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