

Federal Appropriations Analysis and Update

To: State Aging and Disability Directors

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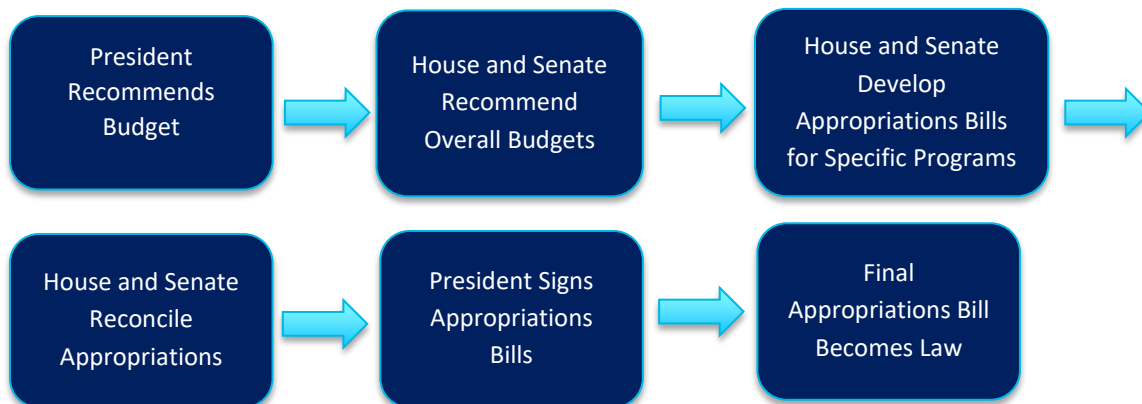
Re: Federal Fiscal Year 2022 President's Recommended Budget

Date: May 28, 2021

Background

This afternoon, President Biden released his proposed budget for the upcoming fiscal year. These recommendations cover Federal Fiscal Year 2022 (FY22) which runs from October 1, 2021 through September 30, 2022. Today's release is the complete budget proposal, which builds upon the brief FY22 budget released on April 9th, 2021. In general, the budget focuses on increased investment in many areas, including infrastructure, social services, childcare, and health care. This includes recommendations for significant increases across many ACL programs. While the budget will likely receive a lot of media attention and create significant headlines, it is important to remember that they are nonbinding recommendations and have not historically been enacted into law.

As a reminder, the President's budget is one step in a longer process of establishing overall Government spending as well as setting the individual allocations for specific programs. There are several steps during the process of setting spending levels on Federal programs, depicted below:



While there are several discrete actions that occur within each of these broader steps, this is a generalized way of understanding the process.

Key Takeaways

There are several key takeaways from the budget proposal, particularly as it relates to HCBS and OAA programming. Most of the proposals in Medicaid and LTSS reflect information previously released in President Biden’s Infrastructure plan, such as \$400 billion to increase access to HCBS, extend the Monet Follows the Person Program, and improve direct care worker compensation. Though the budget reiterates the HCBS proposal from the Infrastructure plan, it does not provide any additional information regarding specific policy or programmatic change that would be enacted as part of the \$400 billion.

Additionally, the budget includes proposals that would significantly increase the annual appropriations for OAA and disability programs. Although total spending on OAA would fall from FY2021 to FY2022 in this budget request, the decrease is due to the substantial COVID relief funding provided in FY2021 not due to any recommendations for funding reductions. For clarity, we have compared this proposal with the final FY2021 appropriations bill amount and did not include supplemental funds provided during FY2021 in this analysis.

Some specific funding recommendations include:

- \$1.34 billion, which is \$390 million of additional funding, for OAA Title III-C nutrition programs;
- A \$158.43 million increase to OAA Title III-B HCBS supportive services for a total of \$551 million;
- Doubling Native American nutrition and support services to a total of \$70 million;
- Increasing Family Caregiver Supports (OAA Title III-E) from \$189 million to \$250 million;
- Increasing Aging and Disability Resource Center (ADRC) funding from \$8.1 million to \$23 million;
- Providing \$30 million for the Long-term Care Ombudsman program, an increase of \$11 million;
- Increasing Independent Living Funding from \$116 million to \$148 million;
- Providing an additional \$73 million for the Section 202 Supportive Housing for the Elderly program for a total of \$928 million; and
- \$272 million for Section 811 Housing for Persons with Disabilities program, an increase of \$45 million.

The budget proposal includes two notable policy changes for OAA programs. First, the Administration proposes allowing state agencies to transfer up to 100% of funds between the OAA Title III programs (or Title VI programs for Tribal OAA services). The proposal would require a state to receive ACL approval, but ACL would be directed to approve transfers unless they are determined to be not consistent with the objectives of the OAA. Additionally, ACL proposes a change that would allow it to use up to one percent of Title III-B HCBS Supportive Services to fund demonstration grants that are

focused on establishing and evaluating innovative service delivery models. This proposal is based upon a similar provision that already exists for Title III-C Nutrition Services.

The budget proposal also includes two other relevant recommendations for LTSS programs. The Administration proposes a \$2 million increase to Disaster Human Services Case Management that would be used in part to establish connections with the ACL to ensure support services for older adults and people with disabilities during disasters. The budget also requests \$864 million for CMS federal administration, an increase of \$91 million, which would lead to an increase of 145 full time equivalent (FTE) positions at CMS. ACL administration would also receive a \$6 million increase, for a total of \$41 million, which would be used to improve information technology services and increase ACL staff.

Please see the attached funding table for additional information on the Administration's budget recommendations.

Conclusion

Ultimately, the President's budget proposal is a recommendation and is better used to understand the Administration's priorities rather than as a tangible prediction of Federal spending. As in prior years, we believe that Congress will establish their own funding levels and pass an appropriations package that is significantly different than the proposals discussed in the budget proposal. Also, although many of these initiatives may not ultimately be enacted into law, the budget does make references to policy changes that would be implemented through regulation and therefore have a greater chance of becoming effective. Similarly, the Administration and Congressional Democrats have not ruled out using the reconciliation process to pass some spending provisions with a simple majority in the Senate rather than the usual 60-vote threshold.

ADvancing States will continue to provide updates as Congress these proposed funding levels, as well as if Congress or the Administration pursue any of the policies included in this document. We will also continue to educate Congress on the value of aging, disability, and long-term services and supports programs at the state and national level. If you need any assistance with the appropriation process or any other issue, please reach out to anyone on the ADvancing States team.