

President Obama FFY 2011 Budget Proposal

While Congressional leaders continue to discuss potential strategies for passing health reform legislation, President Obama released his \$3.8 trillion FFY 2011 budget on February 1, 2010 for all federal executive departments and independent agencies. The President's budget can be accessed online at: <http://www.whitehouse.gov/omb/budget/Appendix/>.

The FFY 2011 budget includes \$1.625 billion for the Administration on Aging, a 7.403% increase (approximately \$108.7 million) over the President's FFY 2010 budget request of \$1.513 billion. The President's FFY 2011 budget proposes an increase of 7.169 % over the FFY 2010 enacted appropriation for the Administration on Aging of \$1.516 billion, which is the amount the Administration on Aging actually received. The new budget also includes a six month extension of the enhanced FMAP for states.

The overall budget includes an increase of 5.7% in funding over the FFY 2010 budget and \$1.2 trillion in deficit reductions over ten years. According to the President's blog, the FY2011 budget proposes scaling back 126 programs to save over \$23 billion in FFY 2011. The President outlined the following as priorities for seniors in his budget:

- Protect Social Security
- Protect and Improve Medicare
- Reduce Social Security Backlogs, Improve Customer Service, and Cut Waste
- Help Families Care for Aging Relatives at Home
- Provide Energy Assistance to Low-Income Families
- Increase Funding for Biomedical Research
- Improve the Safety of Medications and Medical Products
- Fight Waste and Abuse in Medicare and Medicaid
- Improve Retirement Security

The Next Steps in the Federal Budget Process: Congress still enjoys the “power of the purse” – the primary role over federal revenue and spending policy – therefore, the President's budget is just the beginning of the annual process of funding the federal government. The Congress must still go through the budget and appropriations process during which the federal agencies defend the numbers in the President's budget proposal.

Congress will begin its own budget process by developing a budget resolution in the House and Senate Budget Committees, which, if passed, represents an agreement between the House and Senate on budget priorities, as well as a framework to guide all subsequent budgetary actions. However, a budget resolution is not always passed by Congress. With or without a budget resolution, the Congress must pass appropriations bills that must be signed into law by the President in order to fund the federal government.

Congressional Budget Resolution - The process to gain Congressional approval for the new budget begins with the House and Senate Budget Committees, whose

responsibility it is to draft and submit a budget resolution to their respective chambers by April, 2010. House and Senate members then reconcile the differences between the two resolutions, and, having done so, both chambers must vote to approve the final version in order to make it binding on Congress. As a concurrent resolution, this binding budget resolution has no legal or statutory authority. It does, however, represent an agreement between the House and Senate on budget priorities, as well as a framework to guide all subsequent budgetary actions. The laws necessary to implement these decisions are then enacted separately through appropriations bills.

Appropriations Process - The appropriations process actually provides the funding for the discretionary spending programs outlined in the budget resolution. Both the House and Senate have Appropriations Committees that are divided into subcommittees, and each subcommittee is responsible for producing an appropriations bill setting funding levels for individual government programs. Ideally, Congress would pass all the appropriations bills individually by October 1, the start of the new federal fiscal year. In practice, however, this deadline is often missed, and Congress is forced instead to pass continuing resolutions to fund the affected government programs at their current levels until the appropriations bills can be passed. Once the bills do clear Congress, they are sent to the President for his signature or veto. Upon Presidential approval, the spending bills are enacted and the funds are released accordingly.

Administration on Aging

The FFY 2011 President's proposed budget for the Administration on Aging (AoA) is \$1.65 billion, representing an increase of 7.17 percent over the FFY 2010 budget. The \$109 million increase is primarily composed of the new Caregiver Initiative that was announced earlier by Vice President Biden. The Caregiving Initiative includes \$50 million to support caregiver services such as counseling, training, and respite care; \$50 million will support services assisting elderly individuals with disabilities in accomplishing routine daily activities, and \$2.5 million will support respite care for family members of individuals with special needs.

The key initiatives outlined for the Administration on Aging include:

- Supporting Family Caregivers
- Maintaining Health and Independence
- Protecting Vulnerable Older Americans
- Supporting the National Aging Network Services

Home and Community Based Supportive Services - In the FFY 2011 budget request, Title III-B, the Home and Community Based Supportive Services Program, receives an increase in funding of \$48 million over last year's appropriation, for a proposed total allocation of \$416 million. Home and Community-Based Supportive Services provide grants to states and territories using a formula that is primarily based on the grantees' share of the national population aged 60 and over. Services provided through these grants include: transportation and case management, information and

referrals, in-home personal care, homemaker assistance, adult day care and physical fitness programs. Each state uses an intrastate funding formula to allocate the funds it receives through this program to its area agencies on aging (AAA). AAAs, in turn, use their portion of the funds to provide seniors in their planning areas with programs designed to best meet their needs.

Health and Long-Term Care Programs (Community Living Program) - The Administration requests the same funds as were appropriated in FFY 2010, \$30 million, for Health and Long-Term Care Programs in FFY 2011. This allocation, in part, funds a competitive grant initiative administered through the Administration on Aging's Community Living Program (CLP). This program is designed to help individuals at risk of nursing home placement and Medicaid spend-down levels continue to live in their communities. The model in place for this initiative includes three components: Aging and Disability Resource Centers, Evidence-Based Disease Prevention, and Community Living Incentives.

Preventive Health Services - The AoA Preventive Health Services program (Title III-D) would receive level funding of \$21 million under the President's proposed budget. Preventive Health Services provide states and territories with grants to fund educational programs for older adults that focus on the positive impact healthy lifestyles and behaviors can have in preventing or delaying chronic disease and disability, which in turn reduces the need for more costly medical interventions in the future. Qualifying activities include information and outreach, health screenings and risk assessments, physical fitness, health promotion and medication management. These programs are carried out at multi-purpose senior centers, meal sites, and in other community-based settings, as well as through individualized counseling and similar services for vulnerable elders.

National Family Caregiver Support Programs - The Administration's Supporting Middle Class Families Initiative will provide additional funding to Title III-E, the National Family Caregiver Support Program (NFCSP). Under the President's proposed budget, the Caregiver Programs would receive an additional \$50 million, increasing its total funding to \$202 million for FFY 2011. According to AoA, an estimated 38 million Americans provide unpaid care to an aging relative, including approximately 23 million caregivers with jobs, and 12 million who are simultaneously caring for their own children. The NFCSP offers a range of services to support family caregivers, such as informing caregivers about, and assisting them in accessing, available services; as well as providing individual counseling and training for caregivers; offering respite care; and other supplemental services.

Lifespan Respite Care - The Administration proposes to increase funding for the Lifespan Respite Care Program by \$2.5 million for FFY 2011, bringing the total budget request to \$5 million. This program supports family members of any individual with special needs.

Native American Caregiver Support Program - In the President's FFY 2011 budget request, the Native American Caregiver Support Program receives level funding from FFY 2010 in the amount of \$6 million.

Congregate Nutrition - The President's budget provides a \$6 million increase for Title II-C-1, the Congregate Nutrition Program in FFY 2011. However, this purported increase does not account for the \$65 million in ARRA funds that were distributed to congregate nutrition programs in FFY 2010. Thus, in order to accurately determine the total funding for these programs in FFY 2010, the ARRA dollars must be considered in addition to the Congressional appropriations. Combining these separate allocations swells the total funding for congregate nutrition programs in FFY 2010 to \$505 million. Given the previous year's funding level, if these ARRA funds expire at the end of September 2010, as they are scheduled to do, the congregate nutrition program will operate at a relative loss in FFY 2011.

Home-Delivered Nutrition Services - Title II-C-2, the Home-Delivered Nutrition Services Program, receives an increase of \$4 million in funding over the levels in the FFY 2010 enacted budget. OAA Section 336 authorizes meal provision and related nutrition services to older individuals that are homebound. Home-delivered meals are often the first in-home service that an older adult receives, and the program is a primary access point for other home and community-based services. In addition to meals, services funded under this section include nutrition screening, education and nutrition assessment, and counseling where appropriate.

Native American Nutrition and Supportive Services - In the FFY 2011 budget request, the Native American Nutrition and Supportive Services program receives an increase of \$2 million from the FFY 2010 appropriations.

Program Innovation - The President's budget proposes a funding decrease of \$6 million to AoA's Title IV Program Innovation grants, from \$19 million in FFY 2010 to \$13 million in FFY 2011. This initiative has previously funded demonstration seed grants to enhance the Aging and Disability Resource Centers (ADRC) and Evidence-Based Disease Prevention initiatives. Currently, however, these grants only fund projects that are national in scope, such as national resource centers.

Aging Network Support Services (Pension Counseling, Eldercare Locator) - The proposed budget includes a \$1 million increase in funding for the Aging Network Support Services program, bringing the Administration's total FFY 2011 funding request for these services to \$14 million. The Aging Network Support Services provide assistance to the Eldercare Locator and to Pension Counseling, among other projects.

Long-Term Care Ombudsman - The Title VII Long-Term Care Ombudsman program receives \$18 million in the President's FFY 2011 budget, representing an increase of \$1 million.

Prevention of Elder Abuse, Neglect and Exploitation - For FFY 2011, the Administration is proposing to increase funding under Title VII for prevention of elder abuse and neglect by \$1 million, for a total allocation of \$6 million. This prevention

program, and the federal leadership it supports, helps to strengthen elder justice strategic planning and direction for programs, activities, and research related to elder abuse awareness and prevention.

Alzheimer's Disease Demonstration Grants - The President's proposed budget includes level funding from the previous fiscal year at \$11 million for the Alzheimer's Disease Demonstration Grants Program. This grant initiative helps to ensure that AoA's core programs expand the availability of diagnostic and support services to persons with Alzheimer's, as well as to their families and caregivers.

Program Administration - The FFY 2011 budget includes a proposal of \$23 million for program management and support activities. These funds are also intended to be used to better address the needs of the growing aging population.

Department of Transportation

Livable Communities - The Administration is restructuring its Department of Transportation (DOT) initiatives with an emphasis on livable communities by allocating \$527 million to support initiatives that integrate housing, transportation and land use. Of this funding, \$20 million will establish and sustain an Office of Livable Communities in the Office of the Secretary to coordinate interagency livable community efforts with EPA and HUD, as well as provide grants and technical assistance to grantees, and execute transportation investments in support of these sustainability objectives. \$307 million will expand current transportation programs that focus on low-income persons, including an allocation of \$134 million for the Section 5311 Job Access and Reverse Commute (JARC) formula grants. The remaining \$200 million will be reallocated to support a competitive grant program through the Federal Highway Administration.

Transit Formula Grants (formerly Formula and Bus Grants) - In total, the President is asking Congress for \$827 billion to fund a series of grants that reflect the Administration's priorities of transportation safety, livable communities and placed-based development. Of this fund allocation, a legislative formula will be used to divide \$230 million among states for the purpose of assisting seniors and persons with disabilities in overcoming significant barriers to workforce integration. The apportioned funds must be used by states to purchase vehicles and equipment, or to contract for transportation services. This is a new initiative, in that it consolidates and expands upon the activities formerly funded under the Section 5310 Elderly and Disabled Program and the Section 5317 New Freedom Programs.

Surface Transportation Reauthorization - On September 30, 2009, the Safe, Accountable, Flexible, Efficient Transportation Equity Act (SAFETEA-LU), which authorizes Federal surface transportation programs, expired. The Administration's budget asks Congress to extend SAFETEA-LU in its current state through March 2011 in order to give Congress adequate time to draft thoughtful legislation, while balancing the planning needs of states and localities. Accordingly, the budget requests the same funding for SAFETEA-LU in FFY 2011 as it did in FFY 2010, adjusted for inflation.

Department of Labor

Seniors Community Service Employment for Older Americans - The Seniors Community Service Employment for Older Americans program (SCSEP) is authorized under Title V of the Older Americans Act. The program offers low-income individuals who are 55 and older part-time, work-based training at non-profits or government agencies to prepare them for entry or re-entry into the workforce. The dual goals of the program are to foster economic independence and to enhance community service activities. The FFY 2011 budget request of \$600 million represents a substantial reduction from the previous fiscal year's funding level due to a one-time, \$225 million funding injection to SCSEP in FFY 2010.

Social Security Administration

Supplemental Security Income (SSI) Program - The Administration's FFY 2011 budget allocation for the Supplemental Security Income Program (SSI) is \$57 billion, an increase of \$8 billion from the enacted SSI FFY 2010 appropriations. Also in the President's request is a provision allocating \$930 million for staff level increases to help the Social Security Administration (SSA) lower its backlog of unanswered claims.

Centers for Medicare and Medicaid Services

Medicaid - The most significant item of interest to states in the budget proposal regarding the Centers for Medicare and Medicaid Services (CMS) is the Administration's extension of the temporary ARRA funded FMAP increase to states beyond its current expiration date of December 31, 2010. In FFY 2011, an estimated 56 million people will receive health coverage through Medicaid. In FFY 2010, the Medicaid outlays are expected to be \$4 billion below what is projected in the FFY 2011 budget, mainly due to the expiration of the Recovery Act's increased match. In both Medicaid and Medicare, the figures proposed in the budget request are estimates based on assumptions regarding the number of eligibles who will participate in the programs. However, since both Medicaid and Medicare are entitlement programs, the funding they receive varies according to the number of participants in the programs at any given time. Therefore, actual spending can differ from what is estimated in the budget proposal. Historically, the Administration puts forth in its budget request not only the changes to Medicare and Medicaid that they hope to enact through administrative rulemaking, but also the changes that they intend to pursue legislatively. However, in this FFY 2011 budget document, there are no administrative changes proposed to Medicaid.

Medicaid's Legislative Proposals -

Six-Month Temporary FMAP Increase: The American Reinvestment and Recovery Act (ARRA) provided states with a temporary increase in the Federal Medical Assistance Percentage (FMAP) through December 31, 2010. The President's FFY 2011 budget

request proposes to extend this FMAP increase through June 2011. The extension is estimated to provide an additional \$25.5 billion in funding to states.

Program Integrity - Track Drug Utilizers and Prescribers to Reduce Over-Utilization:

Under this proposal, the Administration will require states to track and monitor prescription drug billing, prescribing, and utilization patterns that could be indicative of abuse or over-utilization. The Administration estimates that this legislative proposal would initially cost the federal government an estimated \$109 million, but the estimated savings over the next five-year period, from FFY 2011-15, are \$4.1 billion.

There were no administrative proposals for Medicaid included in this year's budget proposal.

Medicare - The budget projects that an estimated 48.1 million individuals will participate in the Medicare program in FFY 2011, at an estimated cost of \$549.8 billion. The following legislative proposals are slated to cost Medicare \$11 million in FFY 2011, but will save \$2.5 billion in Medicare funding from federal fiscal years 2011-2015. The President's budget also includes \$22 billion to fund the Medicare Physician's Payment, but the authorizing legislation still needs to be passed by Congress in order for this provision to be enacted.

Medicare's Legislative Proposals -

Modify Certain Medical Review Limitations: The FFY 2011 budget proposes to modify existing statutory provisions that currently limit random medical review, and place statutory limitations on the application of Medicare prepayment review.

Establish a CMS-IRS Data Match to Identify Fraudulent Providers: This proposal would authorize CMS to work with the IRS to determine which providers have not filed tax returns.

Extrapolate Medicare Advantage Plan Sample Error Rates to Entire Plan Payment in Risk Adjustment Audits: Clarifies in statute that CMS can extrapolate the error rate found in the risk adjustment validation audits to the entire MA plan payment for a given year when recouping overpayments.

State Health Insurance Assistance Program (SHIP) - The President's budget requests \$53 million for the SHIP community-based outreach services, an increase of \$6 million from the FFY 2010 appropriations. These funds will provide infrastructure, training and outreach support, to assist SHIPs as they provide counseling to beneficiaries on complex Medicare-related topics.

Department of Housing and Urban Development

Conversion of Public Housing to Project-based Vouchers - The Administration requests \$350 million to combine the resources allocated to the Department of Housing and Urban Development's (HUD) various rental assistance programs into a single

funding stream, and to encourage entities administering Housing Choice Vouchers to operate regionally. The primary goals of these new initiatives are to improve the physical condition and management of public housing, to increase the mobility of assisted families, and to streamline HUD's oversight responsibilities.

Section 202 Housing for the Elderly - The President's FFY 2011 budget proposes to reduce funding for Section 202 programs by \$551 million, from \$825 million in FFY 2010 to \$274 million FFY 2011. This funding decrease is the result of a request from HUD to eliminate funding for new Section 202 projects so that it may prioritize its efforts and redesign its programs to more accurately reflect the population's needs. Current and qualifying anticipated residents of Section 202 projects would not be affected by the exclusion of this funding from the budget.

The Administration plans to restructure the Section 202 programs by allowing project sponsors to build larger projects with greater economies of scale, by reducing regulatory barriers to funding sources, by improving service provision through interagency partnerships, and by modifying application requirements for the benefit of the extremely frail elderly.

Section 811 Housing for Persons with Disabilities - The FFY 2011 budget proposes to reduce funding for Section 811 to \$90 million, a decrease of \$210 million from FFY 2010 funding levels. This reduction is, in a part, a result of the Administration's plan to achieve administrative savings within HUD by consolidating the voucher programs authorized under Section 811. This consolidation will require a one-time funding transfer of \$113.6 million from the Mainstream Vouchers program to the Tenant-Based Rental Assistance program. The funding decrease can be further explained by HUD's request to the Administration to suspend funding for new Section 811 projects so that HUD may modernize and re-structure its initiatives.

Department of Agriculture

Supplemental Nutrition Assistance Programs (formerly known as Food Stamps) - The FFY 2011 budget request for the Supplemental Nutrition Assistance Program (SNAP) is \$68.2 billion, a \$9.9 billion increase over FFY 2010 appropriated funding. The President proposes an extension of several SNAP related provisions of the American Recovery and Reinvestment Act (ARRA). Specifically, the Administration wants to extend the ability of SNAP participants to receive enhanced benefits at an average value of \$20 per person per month. The budget also includes a proposal to extend the ARRA provision that temporarily eliminates the time limits for certain working-age, low-income adults without dependents for an additional federal fiscal year.

Emergency Food Assistance Program - The President's FFY 2011 budget includes \$247 million for commodities, a \$1 million decrease from the FFY 2010 appropriations. The Emergency Food Assistance Program (TEFAP) provides support to food banks and other programs assisting households with immediate, short-term food assistance.

ARRA provides \$150 million for TEFAP through September 30, 2010, \$100 million of which is allocated for purchasing commodities.

The Commodity Supplemental Food Program - The Commodity Supplemental Food Program (CSFP) provides commodities to low-income elderly, pregnant, postpartum and breastfeeding women, as well as to infants and children up to age 6. The FFY 2011 budget proposes an allocation of \$176 million for this program, which is an increase of \$5 million from FFY 2010.

Senior Farmers Market Nutrition Program - The Administration requests level funding in the amount of \$21 million for FFY 2011 to support The Senior Farmers Market Nutrition Program.

Administration on Children and Families

Low-Income Heating and Energy Assistance Program - The Administration's FFY 2011 budget contains a new Low-Income Heating and Energy Assistance Program (LIHEAP) trigger mechanism, which would release up to \$2 billion for energy assistance whenever there is a spike in energy prices and in the percentage of families living in poverty. The President's budget proposes a baseline of \$3.3 billion.

Social Services Block Grant - The Social Services Block Grant (SSBG) is a capped entitlement program that provides grants to states to assist them in providing a flexible array of social services. In the President's FFY 2011 budget request, these grants receive level funding of \$1.7 billion.

Community Services Block Grant - The Administration's FFY 2011 budget includes \$736 million for Community Services Block Grants (CSBG), which fund programs relating to employment, housing, health, substance abuse needs, and emergency services. This request represents a decrease of \$10 million from the FFY 2010 budget appropriations, which is a result of the President's proposal to transfer the Rural Community Facilities Program, funded at \$10 million in FFY 2010, from the Administration on Children and Families to the Environmental Protection Agency.

Developmental Disabilities Administration - The President requests \$187 million for the Developmental Disabilities Administration to help ensure that individuals with developmental disabilities have access to community life and consumer-centered services.

President Obama's FY Budget Request
(Dollars in Millions)

Older Americans Act and Other Key Programs:	FY 09 Enacted	FY 10 President's Request	FY 10 Enacted	FY 11 President's Request	FY 11 +/- FY 10 Enacted
Administration on Aging					
Home and Community Based Supportive Services	361	361	368	416	+48
Health and Long-Term Care Programs (Community Living Program)	28	31	31	30	-1
Preventive Health Services	21	21	21	21	0
National Family Caregiver Support Programs	154	154	154	202	+48
Native American Caregiver Support Program	6	6	6	8	+2
Congregate Nutrition	434	434	440	446	+6
Home-Delivered Nutrition Services	214	215	217	221	+4
Nutrition Services Incentive Program	161	161	161	161	0
Native American Nutrition and Supportive Services	27	27	28	30	+2
Program Innovation	18	13	19	13	-6
Aging Network Support Services (Pension Counseling, Eldercare Locator)	14	13	13	14	+1
Long-Term Care Ombudsman	16	16	17	18	+1
Prevention of Elder Abuse and Neglect	5	5	5	6	+1
Alzheimer's Disease Demonstration Grants	11	11	11	11	0
Program Administration	19	21	20	23	+3
Health Care Fraud and Abuse Control	3	3	3		
Lifespan Respite Care	3		3	5	+2
Total AoA Programs	1,491	1,491	1,518	1,624	+106

Administration for Children and Families					
LIHEAP	5,100	3,200	5,100	3,300	-1800
Social Services Block Grant	1,700	1,700	1,700	1,700	0
Community Services Bock Grant	746	736	746	736	+10
Developmental Disabilities	184	184	184	187	+3
Department of Labor					
Community Service Employment for Older Americans	572	575	825	600	-225
Department of Housing and Urban Development					
Housing for the Elderly Section 202	765	765	825	274	-551
Housing for the Disabled	250	250	300	90	-210
Department of Transportation					
Livable Communities	--	--	--	527	+527
Transit Formula Grants (formerly Formula and Bus Grants)	9,246	8,343	8,343	8,272	+71
Surface Transportation (SAFETEA-LU)	40,629*	41,846	42,789	42,102	-687
Agriculture Department					
Commodity Supplemental Food Program	160	162	171	176	+5
Senior Farmers Market Nutrition Program	22	21	21	21	0

**Additional funding provided through ARRA is not reflected in this figure*