



# COMMITTEE *on* APPROPRIATIONS

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## SUMMARY

### DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES FISCAL YEAR 2015 APPROPRIATIONS BILL

*Subcommittee Mark: June 10, 2014*

**Washington, D.C.** - Today the U.S. Senate Appropriations Subcommittee on the Departments of Labor, Health and Human Services, and Education, and Related Agencies (Labor-HHS-Education) approved the fiscal year (FY) 2015 appropriations bill that provides \$156,773,000,000 in base discretionary budget authority, the same as the FY 2014 level. In addition, the bill includes \$1,484,000,000 in cap adjustment funding, permitted under the law, a \$560,000,000 increase, to prevent waste, fraud, abuse and improper payments in the Medicare, Medicaid and Social Security programs.

**U.S. Senator Tom Harkin (D-Iowa)**, Chairman of the Labor-HHS-Education Subcommittee said:

*“This is the bill that invests in America and allows us to respond to the changing needs of our country, all within a difficult budget. I am particularly encouraged that the bill directs funding to investments in high-quality early childhood care and education, which have been proven to have positive, lasting effects on children and families. The bill also invests in programs that support working families and contains funding that allows for an increase in the maximum Pell Grant award, which is critical for expanding access to higher education. All in all, this bill takes a thoughtful approach to funding these critical programs because this bill funds America’s priorities; it is the bill in which we invest in our future.”*

## OVERVIEW

The Labor-HHS-Education Appropriations Bill constitutes the largest share of non-defense discretionary spending, 32 percent of the total. As a result of the funding available for programs in this bill – everything from funding for the National Institutes of Health (NIH) to home energy assistance – it is closely tied to the budget caps. In FY 2015, total non-defense discretionary budget authority subject to statutory discretionary spending caps is scheduled to increase by just 0.1 percent.

Total spending in this bill subject to discretionary spending caps is exactly equal to the comparable FY 2014 level. This means all increases in discretionary budget authority provided in this bill are fully offset by cuts elsewhere in this bill. That has forced the Committee to continue to make difficult decisions, including cuts to spending in mandatory programs and targeted program reductions and eliminations, to pay for modest increases and continued support for key programs and to respond to critical and emerging needs.

The Labor-HHS-Education Appropriations Bill provides funding for a broad range of programs that spur future economic growth and provide a safety net for those who fall through the cracks. The bill provides support for high-quality early learning opportunities for our youngest children, basic medical research that invests in future cures, preventive services and care that help individuals live healthy lives, job training that help the unemployed return to work, support for local school districts and the enforcement of employee rights in the workplace. It also supports the administrative expenses for the Social Security, Medicare, Medicaid, and unemployment insurance programs that provide basic retirement security, insurance against debilitating disabilities, access to healthcare, and temporary financial assistance to unemployed workers. This represents only a piece of what the programs funded in this bill provide for communities and millions of Americans every day.

The priorities and considerations of the Committee in developing this bill are summarized in the section below:

### INCREASING ACCESS TO HIGH-QUALITY EARLY CHILDHOOD CARE AND EDUCATION

High-quality early childhood care and education has been proven to have positive, lasting effects for children and families. It also supports the nation's long-term economic security by preparing our next generation of workers, entrepreneurs and business leaders. **The Committee provides a combined increase of \$348,327,000 for key early childhood care and education programs in this bill: Head Start, the Child Care and Development Block Grant, Preschool Development Grants, and IDEA Grants for Infants and Families.** Together, they address the entire age range of birth through age five.

***Head Start*—The Committee recommendation includes \$8,742,845,000, a \$145,000,000 increase, for Head Start.** This will support a one percent increase for current grantees to help keep up with rising costs and continue to provide high-quality services, and a

\$65,000,000 increase for Early Head Start for children from birth to age three, including continued support for Early Head Start-Child Care Partnerships.

The entire body of research on Head Start shows that the program has short- and long-term benefits for children and families. Children in Head Start are less likely to repeat a grade or be placed into special education; do better on measures of cognitive development and social-emotional behavior; and later in life are more likely to graduate high school and go onto college. This mirrors the extensive body of research on high-quality early childhood education more generally. Importantly, many long-term benefits have appeared even while many outcomes converged during elementary school, suggesting early learning programs have lasting but harder to measure benefits in early elementary school. The Committee recommendation supports the continued expansion of Head Start, building on the investments made in the same activities in FY 2014.

***Child Care and Development Block Grant (CCDBG)—The Committee recommendation includes \$2,458,246,000, a \$100,000,000 increase, for the CCDBG.*** In May 2014, the Senate overwhelmingly passed the CCDBG Act of 2014. This important reauthorization includes many key updates and reforms that will help improve the quality of child care programs across the country. However, improving quality while maintaining the number of children and families receiving assistance will require additional resources. The discretionary funding provided in this bill for the CCDBG represents only about 25 percent of total funding for the combined Child Care and Development Fund. Additional funding is provided through the Child Care Entitlement to States program and Temporary Assistance for Needy Families (TANF). The Committee recommendation is an important step in helping states improve quality while maintaining access to affordable child care.

***Preschool Development Grants—The Committee recommends \$350,000,000, an increase of \$100,000,000, to continue support for Preschool Development Grants.*** In 2014, the Departments of Education and Health and Human Services (HHS) will award \$250,000,000 to states through Development and Expansion grants designed to help states initiate or implement high-quality public preschool programs for low- and moderate-income families. This bill provides continued support for those awards as well as resources for additional states interested in initiating or expanding high-quality public preschool programs. Research is clear that the benefits of high-quality early childhood education programs exceed costs by varying but significant amounts.

***Early Childhood Statewide Longitudinal Data Systems—The Committee recommends \$34,539,000, the same amount as the current year, for statewide longitudinal data systems.*** These grants to states will help with the development of linkages between early childhood education and elementary and secondary data systems. These linkages can help assess the effects of and improve the quality of early childhood education programs.

## **RESPONDING TO EMERGING NEEDS AND CHANGING CIRCUMSTANCES**

***Unaccompanied Alien Children (UAC) Program—***Beginning in 2012, the number of children fleeing escalating gang and drug violence in Central America, seeking relief in the

United States and to reunite with families already living here, began to significantly increase. The number of children dramatically increased in FY 2014, creating an urgent humanitarian crisis. In May 2014 alone, approximately 9,500 children were apprehended by the Department of Homeland Security and transferred to HHS care, a more than 300 percent increase over May 2013, and approximately 150 percent more than the total number of children in all of FY 2011.

**The Committee recommendation includes \$1,940,000,000 for the UAC program, a \$1,028,152,000 increase over the comparable FY 2014 level.** In addition, given the uncertainty of estimates in this program, the Committee provides expanded transfer authority to respond to sudden or urgent needs in the future. Therefore, if current trends continue the Committee recommendation will provide needed resources to increase shelter capacity and provide critical support services for children in HHS care, and after they've been released to a parent or sponsor.

This is an emergency situation by any definition. The Committee takes a responsible approach and pays for needed increases in the UAC program, and all discretionary increases in this bill, with corresponding cuts to mandatory spending or other targeted program reductions or eliminations.

***Student Loan Servicing***—The Bipartisan Budget Act of 2013 eliminated the mandatory funding source that supported the not-for-profit servicer program and two of the TIVAS contracts. **The Committee recommendation of \$1,446,924,000 for the Student Aid Administration, an increase of \$280,924,000, replaces the mandatory funds eliminated in the Bipartisan Budget Act with discretionary funding for all servicing contracts and to prevent the disruption of student loan servicing for millions of borrowers.**

## HELPING AMERICA'S WORKERS

***Preventing Long-Term Unemployment***—The Committee recommendation includes \$157,650,000 for a Reemployment and Eligibility Assessments and Reemployment Services (REA/RES) initiative that will expand the current REA program, target reemployment resources to Unemployment Insurance (UI) claimants most likely to exhaust their UI benefits, and to all transitioning veterans receiving unemployment compensation. **This is an increase of approximately \$77,650,000 over the funding provided for the REA program in FY 2014.** Research shows that combining reemployment services and UI eligibility assessments helps unemployed workers find jobs faster. This initiative is estimated to result in a net savings of more than \$262,000,000 to the Unemployment Trust Fund.

***Job Training***—The Committee recommendation includes \$2,624,108,000, an increase of \$36,000,000, for Workforce Investment Act Grants to States to provide job training skills and assistance to low-skilled adults, dislocated workers and low-income youth with barriers to employment.

***Paid Leave for Workers***—The Committee bill includes \$5,000,000 to support a new State Paid Leave Fund. The Fund will provide planning and implementation grants to states that wish to establish paid leave programs and provide benefits to workers who need to take time off for reasons covered under the Family and Medical Leave Act.

***Expanding Apprenticeships***—The Committee bill includes \$35,000,000, an increase of \$5,000,000, to expand the successful model of Registered Apprenticeship. Research shows that apprentices earn more over the course of their careers than their peers and are well-positioned to meet the needs of employers in in-demand industries such as manufacturing, transportation, information technology, healthcare and skilled trades.

***Protecting Whistleblowers***—The Committee recommendation includes \$557,364,000 for the Occupational Safety and Health Administration (OSHA) and targets a \$1,000,000 increase for its enforcement of whistleblower laws. These laws provide important protections for workers who raise issues in their workplace about practices that could impact fellow employees or the public.

***Preventing Misclassifications***—The Committee recommendation includes an increase of approximately \$11,000,000 to address the misclassification of workers as independent contractors. Misclassifications deny workers their rights to unemployment benefits, overtime pay and other benefits while also reducing revenue to the Treasury as well as the Unemployment, Social Security and Medicare trust funds.

## **INCREASING THE EFFECTIVENESS AND COST-EFFICIENCY OF GOVERNMENT**

The annual appropriations process affords Congress the opportunity to improve how government works continuously. Appropriation bills take a new look at every discretionary program, every year, which gives these bills the ability to react to changing needs and unintended consequences in the intervening years of an authorization bill. This bill advances that longstanding priority by reforming and transforming government in many small ways, and in a few significant ways which are outlined here:

***Fighting Healthcare Fraud and Abuse***—**The Committee includes \$672,000,000 for the Health Care Fraud and Abuse Control (HCFAC) program** at the Centers for Medicare and Medicaid Services (CMS), more than doubling the FY 2014 level. The Committee notes that the latest data demonstrates for every \$1 spent on fraud and abuse, \$8.10 is recovered by the Treasury. This is the highest three-year average return on investment (ROI) in the 17-year history of HCFAC. By utilizing the cap adjustment provided in the Budget Control Act, the Committee recommendation will create over \$5,400,000,000 in savings to the Treasury. In addition, the Committee has modified the HCFAC bill language to consolidate activities that address fraud in Medicare with those that address fraud in Medicaid. The Committee believes that this reform will streamline fraud prevention, response and recovery.

***Preventing Improper Social Security Payments***—**The Committee recommendation includes \$1,396,000,000 for the Social Security Administration (SSA)** to conduct continuing disability reviews and Supplemental Security Income (SSI) redeterminations of non-medical eligibility, a \$199,000,000 increase over the FY 2014 level. These periodic reviews ensure that individuals receiving Social Security disability benefits are still eligible to receive them.

***Public Health Service (PHS) Evaluation Transfer***—The Committee has heard growing concern over the impact on NIH of the transfer required by Section 241 of the PHS Act and implemented in the annual Labor-HHS bill. This bill reforms the transfer to ensure that in FY 2015 no funds will leave NIH via this transfer. In fact, with this reform, NIH will gain over \$100,000,000 more than it contributes to the transfer in FY 2015.

***Performance Partnerships for Disconnected Youth***—The Committee bill continues authority for Performance Partnerships that will provide states and local communities with unprecedented flexibility to improve services for disconnected youth. Up to 10 states and/or local communities will be allowed to combine funding that they receive through various programs within this bill for these pilot projects which will be rigorously evaluated and provide critical information about how to better serve disadvantaged youth.

## **OTHER HIGHLIGHTS OF THE BILL**

***Pell Grants***—The Committee bill maintains the discretionary portion of the maximum Pell grant award level at \$4,860 for the 2015-2016 school year. Combined with mandatory funding, the total maximum award is estimated to increase by \$100 to \$5,830.

***Campus-Based Student Aid***—The Committee bill includes a combined increase of \$50,000,000 for the Federal Work Study and Supplemental Educational Opportunity Grant programs to help increase access to postsecondary education for low-income students.

***National Institutes of Health (NIH)***—The Committee bill provides \$30,459,181,000, an increase of \$605,668,000, to fund biomedical research at the 27 Institutes and Centers that comprise NIH. This level is sufficient, when combined with the \$1,000,000,000 increase appropriated in FY 2014, to fully replace the FY 2013 sequester cut to NIH. Further, this level will allow NIH to allocate \$100,000,000 for the second year of the Brain Research through Application of Innovative Neurotechnologies (BRAIN) Initiative, an increase of \$60,000,000.

***Community Health Centers (CHCs)***—The Committee bill includes \$1,491,482,000 for CHCs. Combined with mandatory funding provided in the Affordable Care Act (ACA), the FY 2015 program level for CHCs is \$5,091,522,000, an increase of \$1,451,570,000.

***Title I (Education for the Disadvantaged)***—The Committee bill includes \$14,434,802,000, an increase of \$50,000,000, for Title I grants to Local Education Agencies for improving education for low-income students. These funds support roughly 90 percent of the 14,000 school districts across the Nation.

***Striving Readers Comprehensive Literacy Program***—The Committee bill provides \$168,000,000, an increase of \$10,000,000, for this literacy program. Funds support states in improving literacy instruction for children from birth through 12th grade.

***Children's Hospitals Graduate Medical Education (CHGME)***—The Committee recommendation includes \$265,000,000 for CHGME, the same level as in FY 2014. The Committee rejects the elimination of this program proposed by the administration.

***Low Income Home Energy Assistance (LIHEAP)***—The Committee recommendation includes \$3,390,304,000 for LIHEAP, the same as the comparable FY 2014 level, rejecting the administration's proposed cut to the program. Severe weather in parts of the country last year coupled with a spike in the prices of certain home energy fuels has re-emphasized the need for this critical assistance to low-income families.

***Community Services Block Grant (CSBG)***—The Committee recommendation again rejects the administration's proposed cut to the CSBG and includes \$667,957,000 for this program, the same as the FY 2014 funding level.

***AIDS Drug Assistance Program (ADAP)***—The Committee recommends \$905,313,000 for ADAP, an increase of \$5,000,000.

***Social Security Administration (SSA)***—The Committee recommendation includes \$11,921,040,000, a \$224,000,000 increase, for SSA's administrative expenses. In FY 2015, SSA will administer approximately \$950 billion in benefit payments to approximately 66 million Americans, SSA will process approximately 5.3 million retirement applications and 2.8 million disability applications, and SSA will provide services for over 40 million visitors to its field offices and 47 million callers to its 1-800 number. This increase in funding will help SSA keep pace with rising costs and improve basic services to the public that millions of Americans rely on every day.

***TRIO***—The bill includes \$846,652,000 for TRIO, an increase of \$8,400,000, to help low-income and first generation college students plan, prepare for and succeed in college.

***Elder Justice Initiative***—The Committee recommendation includes \$10,000,000 for a new Elder Justice Initiative to develop partnerships across disciplines for the prevention, investigation and prosecution of abuse, including financial abuse against the elderly.

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