Earlier today, President Obama submitted his $3.80 trillion fiscal 2013 proposed budget request to Congress, which outlines the Administration’s overall fiscal policy and federal program priorities for the fiscal year (FY) that will begin on October 1, 2012. Included in the Administration’s budget are funding requests and corresponding justification data for all federal executive departments and independent agencies. To access the President’s proposed budget, please click here.

Key framing themes to the President’s Budget for FY13 include:

- **Building a strong economy** by managing and winding down urgent recovery efforts, supporting and protecting middle class families, and jumpstarting economic growth and job creation
- **Cutting waste, reducing the deficit, and asking all to pay their fair share** by making tough choices to restore fiscal discipline, taking responsibility for long-term challenges to our fiscal health, and creating a government that is effective and efficient
- **Investing in our future** by educating a competitive workforce, investing in American innovation, building a 21st century infrastructure, and opening global markets and keeping America safe.

As in prior years, NASUAD conducted a preliminary analysis of the President’s budget request on the day of its release. In the pages that follow, please find a draft version NASUAD’s report, which includes an agency-specific breakdown of the proposed funding levels, with a focus on initiatives of particular interest to the aging and disability communities, as well as next steps in the federal budget process. We will update this preliminary memo as additional information becomes available. In the interim, if you have questions or concerns, or would like additional information, please contact NASUAD’s Executive Director, Martha Roherty, at mroherty@nasuad.org, or NASUAD’s Director of Policy and Legislative Affairs, Lindsey Copeland, at lcopeland@nasuad.org

This is a preliminary review and draft

Please note that while NASUAD staff has done our best to provide you with an overview of the federal budget proposal, this document is subject to change.
Supplemental Nutrition Assistance Program (Formerly Known as the Food Stamp Program)
The President’s FY13 budget request for the Supplemental Nutrition Assistance Program (SNAP) is $87.4 billion. SNAP is the primary source of nutrition assistance for 46 million low-income Americans. The President’s budget includes a proposal to temporarily eliminate the time limits for certain working-age, low-income adults without dependents for an additional year. This proposal is aimed at helping to remove access barriers to SNAP and increase food purchasing power among some of the hardest-to-reach populations.

The Commodity Assistance Program
The budget request includes recommendations for FY13 funding levels for the Commodity Assistance Program (CAP), a program which distributes USDA commodities through multiple programs, including several programs that provide support to low-income older adults and people with disabilities, including the Commodity Supplemental Food Program (CSFP), the Emergency Food Assistance Program (TEFAP), and the Seniors Farmers Market Nutrition Program (SFMNP).

- **Commodity Supplemental Food Program**: This Program provides commodities to low-income elderly Americans; pregnant, postpartum, and breastfeeding women; infants; and children up to age six. The FY13 budget includes a request of $187 million.

- **Emergency Food Assistance Program**: This initiative provides support to food banks and other programs assisting households with immediate, short-term, food assistance needs. The President’s FY13 budget requests $49 million for this program.

- **Seniors Farmers Market Nutrition Program**: This effort provides coupons for low-income seniors to buy fresh, unprepared foods at farmers' markets, roadside stands, and community-supported agriculture programs. The FY13 budget neutral request of $21 million is the same as the FY12 level.
DEPARTMENT OF EDUCATION

WORKFORCE INVESTMENT ACT

Vocational Rehabilitation Program
For Rehabilitation Services and Disability Research, the President’s budget would provide $3.16 billion to support comprehensive and coordinated vocational rehabilitation and independent living services for individuals with disabilities through research, training, demonstration, technical assistance, evaluation, and direct service programs.

Independent Living Program
The President’s FY13 Budget includes $138 million to fund programs that provide independent living services through formula grants to designated State agencies, and competitive grants to Centers for Independent Living. This request is at the same as the FY 12 level.

VR State Grants and Workforce Investment Act
The $3.2 billion request for the Vocational Rehabilitation (VR) State Grants program includes a proposed consolidation of the smaller VR-related programs under the Rehabilitation Act. A total of $35.7 million would be made available to the VR State Grants program from the consolidation of employment-related programs, and the amount requested for VR State Grants includes $10 million that would be set aside to support an interagency Workforce Innovation Fund (WIF), which is jointly administered and funded by the Departments of Education and Labor. Funds would be used to encourage innovation and improve the delivery of services and health outcomes for beneficiaries under programs authorized by the Workforce Investment Act (WIA).

DEPARTMENT OF HEALTH AND HUMAN SERVICES

OVERVIEW

HHS Aggregate Funding Request
The President’s budget for the Department of Health and Human Services (HHS) totals $940.9 billion, $80.6 billion of which is discretionary budget authority, and therefore specifically addressed in the President’s funding request. The remaining amount, $860.3
billion, is composed of mandatory spending for entitlement programs, such as Medicare and Medicaid. While the President’s HHS budget proposal would fund several new efforts, an array of existing HHS programs would either be eliminated or allowed to expire, in preparation for the Affordable Care Act (ACA) programs that, once implemented, would render the current HHS initiatives duplicative or obsolete.

HHS Agencies
As an umbrella agency, HHS includes many agencies and programs of importance to NASUAD members, as well as to the larger aging and disability communities. Below, please find detailed summaries of the budget proposals for the Administration on Aging (AoA), the Centers for Medicare & Medicaid Services (CMS), and highlights from the proposed budgets for the Health Resources and Services Administration (HRSA), the Administration for Children and Families (ACF), the Centers for Disease Control (CDC), the National Institutes of Health (NIH), the Office of Civil Rights (OCR), the Office of the National Coordinator (ONC), the Office on Disability (OD), and the Substance Abuse and Mental Health Services Administration (SAMHSA).

Reminder! This is only the President’s PROPOSED Budget
This budget reflects the Administration’s request to Congress of funding levels they support. This is only the first step in the process. For further details on the budget process, please see the end of this document for an explanation of the federal budget process.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
THE ADMINISTRATION ON AGING
Overview

AoA Aggregate Funding Request
The Administration’s FY13 budget request for AoA is $2 billion, representing an approximate $7 million dollar increase above FY12. AoA’s budget request prioritizes elder justice activities, protects critical programs like nutrition and caregiving support, and includes transfers of complementary programs currently administered by other federal organizations to better coordinate the activities that touch older Americans.

Key priority areas reflected in AoA’s FY13 budget include:

- Protecting Elders from Abuse, Neglect, and Exploitation
- Supporting Family Caregivers
- Maintaining Health and Independence
- Promoting Efficiency in Community Based Service Delivery
- Supporting Evidence-Based Initiatives and Access to Services
Home and Community Based Supportive Services
Under the President’s budget, the Home and Community Based Supportive Services Program would receive level funding of $367 million in FY13. Home and Community Based Supportive Services provide grants to states and territories using a formula based primarily on their share of the national population aged 60 and over. Services provided under this initiative 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 the supportive services that best meet the needs of seniors in their planning and service areas.

Congregate Nutrition
The President’s budget requests level funding for the Congregate Nutrition Program, in the amount of $439 million. In addition to the benefits of nutrition, meals served in congregate settings give older adults the opportunity to engage in vital social contact.

Home Delivered Nutrition
The President’s FY13 budget requests level funding, $217 million, for the Home Delivered Nutrition Services Program. Older Americans Act Title III C2 [OAA Section 336] authorizes meal provision and related nutrition services to older individuals who 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 the other home and community based services. In addition to meals, services funded under this initiative include nutrition screening; education; and nutrition assessments; as well as counseling, where appropriate.

Nutrition Services Incentive Program
Under Section 311 of the OAA, the Nutrition Services Incentive Program (NSIP) provides awards to states and Indian Tribal Organizations that efficiently deliver nutritious meals to older adults. This funding can only be used to provide meals, and cannot be used to pay for other nutrition-related services, or for administrative costs. State Agencies on Aging and Indian Tribal Organizations may choose to receive part, or all, of this support in the form of USDA foods. The USDA foods portion of NSIP is funded through a transfer of funds from AoA to the Food and Nutrition Service's (FNS) Food Distribution Division. The request for FY13 is relatively the same as FY’s 12 and 11, at $160 million.
Native American Nutrition and Supportive Services
In the FY13 request, the Native American Nutrition and Supportive Services program receives the same funding as currently allotted for FY12, $28 million.

Preventive Health Services
The AoA Preventive Health Services Program would again receive level funding of $21 million under the President’s FY13 proposed budget. This Program provides grants to states and territories to fund programs that focus on educating older adults about the role that healthy lifestyles and behaviors can have in preventing or delaying chronic disease and disability, with the goal of reducing 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 activities are carried out at multi-purpose senior centers, meal sites, and other community based settings, as well as through individualized counseling and services for vulnerable elders. The FY12 appropriations language for these programs included a requirement that grants made to states under this program could only be used for evidence-based disease prevention and health promotion programs and activities. It is expected that this language will carry over to apply to the eventual FY13 appropriation.

Chronic Disease Self-Management Program
In his FY12 request, President Obama included for the first time, a proposal for new stand-alone funding for Chronic Disease Self-Management Grant Programs (CDSMP), in the amount of $10 million, from the Prevention and Public Health Fund established by the ACA. These CDSMP funds were distributed as competitive grants to states, and interagency agreements allowing CMS to evaluate the impact of CDSMP on participant health care utilization were required. The FY13 request again includes $10 million for these programs, also to be provided from the Prevention and Public Health Fund.

Community Service Employment for Older Americans
Also as included in the Administration’s FY12 request, the Community Service Employment for Older Americans (SCSEP) Program would move from the Department of Labor to AoA under President Obama’s FY13 proposal. The Senior Community Service Employment Program, authorized by Title V of the Older Americans Act, is a federally-sponsored community service employment and training program for unemployed, low-income individuals, ages 55 and older. The Administration’s FY13 budget requests $448 million in funding for this program. (For additional information on SCSEP, please see the analysis under Department of Labor subheading)

Aging Network Support Activities
The proposed budget includes $8 million for Aging Network Support Activities. These support services provide assistance to the Eldercare Locator and Pension Counseling, among other projects.
National Family Caregiver Support Programs
Under the FY13 request, National Family Caregiver Support Program (NFCSP) would receive $154 million, level funding from FY12 and FY11. The NFCSP offers a range of services to support family caregivers, including providing information about available services, assistance to caregiving in gaining access to services, individual counseling and training for the caregiver, respite care, and supplemental services.

Native American Caregiver Support Program
In the President’s budget, the Native American Caregiver Support Program would also receive level funding in FY13, at $6 million.

Alzheimer’s Disease Demonstration Grants Program
The President’s FY13 budget requests $10 million for the Alzheimer’s disease Demonstration Grants Program, an increase of $6 million over the FY12 level, to help test evidence-based approaches to caring for persons with Alzheimer’s disease and their families. By funding supportive services, these grants would help individuals with Alzheimer’s and the people who care for them continue to live in the community.

Lifespan Respite Care Program
The Administration proposes to flat fund the Lifespan Respite Care Program, which supports respite for family members of individuals with special needs, at $2 million.

Adult Protective Services
$8 million in new funding is requested for the Adult Protective Services (APS) Program, as enacted under the Affordable Care Act (ACA), a decrease in the Administration’s FY12 request of $16.5 million. These new funds would support APS demonstration grants and test innovative approaches to reducing and addressing elder abuse in states and tribal settings. Under the proposal, AoA would also provide leadership and program coordination, as well as develop and disseminate best practices across state and local agencies.
Long-Term Care Ombudsman Program
The Long-Term Care Ombudsman program would be funded at $17 million, level funding from FY12, but a decrease of $5 million from the President’s FY12 request.

Prevention of Elder Abuse, Neglect and Exploitation
For FY13, the Administration requests $5 million in level funding for the Prevention of Elder Abuse and Neglect. This Prevention Program is designed to improve strategic planning and direction in programs, activities, and research that are related to elder abuse awareness and prevention.

Senior Medicare Patrol Programs
For FY13, the Administration proposes $9 million in funding for the Senior Medicare Patrol Program (SMP), level from FY12.

Elder Rights Support Activities
Elder Rights Support Activities include a combination of programs and resource centers that provide the necessary information, training, and technical assistance support that AoA and states need to fulfill their shared mission to maintain the health and independence of older Americans. The President’s budget requests level funding for these initiatives at $4 million.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
THE ADMINISTRATION ON AGING
Consumer Information, Access & Outreach

Aging and Disability Resource Centers
The President’s FY13 budget request reflects the $10 million in mandatory funds appropriated to ADRCs through the ACA.

State Health Insurance Assistance Programs
In FY12, President Obama proposed to transfer the State Health Insurance Assistance Programs (SHIPs) from the Centers for Medicare & Medicaid Services (CMS) to AoA. The FY13 proposal includes the same request, and requests $52 million in funding for the SHIP program.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
THE ADMINISTRATION ON AGING
Innovation and Administration

Program Innovation
The President’s budget does not include funding for AoA’s Program Innovation Grants. This initiative has traditionally funded demonstration seed grants to enhance the Aging and
Disability Resource Centers and Evidence-Based Disease Prevention Programs, both of which would move out of the Program Innovation Center and into their own funding stream under the President’s proposal. Additionally, in FY12, AoA moved the projects of national significance funded under this section to either Elder Justice Support Activities or Aging Network Support Activities, consistent with their established nature of support to the aging network.

**National Clearinghouse for Long-Term Care Information**
This initiative has previously been funded through the Deficit Reduction Act (DRA) and the funding request of $3 million for FY13 represents level funding over fiscal years 2011 and 2012.

**Community Living Assistance Services and Supports (CLASS) Program Administration**
In early 2011, HHS Secretary Kathleen Sebelius announced that AoA would be the agency within HHS responsible for administering the ACA-authored Community Living Assistance Services and Supports (CLASS) Program. Per the Secretary’s announcement on October 14, 2011 to suspend implementation of the CLASS Program, the President’s FY13 Budget does not project CLASS enrollment or the associated premiums and benefit outlays in the 10-year budget window or in the long-term budget outlook, nor does it request funding for implementing the suspended program.

**AoA Program Administration**
A total of $23 million is proposed in the FY13 budget for program management and support activities, as well as to better address the needs of the growing aging population.

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**DEPARTMENT OF HEALTH AND HUMAN SERVICES**
**CENTERS FOR MEDICARE & MEDICAID SERVICES**

**Overview**

**CMS Aggregate Funding Request**
The Administration’s FY13 budget request for the Centers for Medicare and Medicaid Services (CMS) is $829.4 billion in mandatory and discretionary spending, which represents an increase of $72 billion over FY12 levels. In the FY13 budget request, the Administration’s proposals for CMS focus primarily on two key themes: the continued roll out of the Affordable Care Act and increasing the efficiency of the Medicare and Medicaid programs.

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**DEPARTMENT OF HEALTH AND HUMAN SERVICES**
**CENTERS FOR MEDICARE & MEDICAID SERVICES**

**Medicare**

**Medicare Spending**
The Medicare program accounts for 62.8 percent of CMS’ FY13 net outlays under the President’s proposal, totaling $829.4 billion. Currently, gross spending is expected to total $588 billion in FY13. The President’s budget request assumes that in FY13 there will be 52 million Medicare beneficiaries.

**Legislative Proposals**

The administration’s proposed budget includes a number of Medicare legislative proposals that would save $302.8 billion over 10 years. In this section, NASUAD only examined legislative proposals that directly impact state systems, seniors, or individuals with disabilities.

- **Align Medicare Drug Payments with Medicaid Policies for Low-Income Beneficiaries**
  Under this proposal, Medicare would benefit from the same rebates that Medicaid receives for brand name and generic drugs provided to beneficiaries who receive the Part D low-income subsidy, beginning in 2013. The proposal would require the manufacturers to pay the difference between the rebate levels they already provide part D plans and the Medicaid rebate levels. This legislative proposal is expected to save $155.6 billion over 10 years.

- **Increase Income-Related Premiums under Part B and Part D**
  Under this proposal, the administration would require certain beneficiaries pay higher premiums based on their higher levels of income. Beginning in 2017, this proposal would increase income-related premiums under Medicare Parts B and D by 15 percent. This proposal is slated to save the federal government $27.6 billion over 10 years.

- **Introduce Part B Premium Surcharge for New Beneficiaries Purchasing Near First Dollar Medigap Coverage**
  This proposal would introduce a Part B premium surcharge for new beneficiaries who purchase Medigap policies with particularly low cost-sharing requirements, effective in 2017. The surcharge would be the equivalent of approximately 15 percent of the average Medigap premium and is expected to save $2.5 billion over 10 years.

- **Introduce Home Health Copayments for New Beneficiaries**
  Medicare beneficiaries do not currently make co-payments for home health services. This proposal would create a co-payment for new beneficiaries of $100 per home health episode. This proposal would save $350 million over 10 years.
Medicaid Spending
In FY10, more than 1 in 5 individuals were enrolled in Medicaid for at least one month during the year, and in FY12, an estimated 57 million people on average will receive health care coverage through Medicaid.

Legislative Proposals
The administration outlines $55.7 billion in savings over a 10 year period to the Medicaid program. The legislative proposals to the Medicaid program include:
- Provider tax reform
- Blended Medicaid rates
- Aligning disproportionate share hospital (DSH) allotments
- Implementing new reimbursement rates on durable medical equipment
- Extending Transitional Medical Assistance through CY2013
- Extending the Qualified Individual Program through CY2014

• Medicaid Provider Taxes
The Administration proposes to no longer allow states to limit the use of provider taxes by phasing down the Medicaid provider tax threshold, from the current law of 6 percent in 2014, to 4.5 percent in 2015, 4 percent in 2016, and 3.5 percent in 2017 and beyond. The budget indicates that this will represent a savings to the federal government of $1.5 billion beginning in FY13.

• Blended Federal medical assistance percentage (FMAP)
The administration proposes blending the rates of the states’ current Federal Medical assistance percentage (FMAP); the states’ Children’s Health Insurance Program (CHIP) (eFMAP) and the Affordable Care Act percentage (ACA) for newly-eligible individuals and certain childless adults. This proposal is proposed to begin in 2017. This proposal does include an automatic adjustment in the overall blended rate if a recession forces enrollment and state costs to rise. The administration’s proposal indicates an initial savings of $3.4 billion beginning in 2017.

• Aligning disproportionate share (DSH) allotments
Disproportionate share allotments (DSH) are intended to help support hospitals that provide care to disproportionate numbers of low-income and uninsured individuals.
The Affordable Care Act reduced state DSH allotments by $18.1 billion through 2020 to reflect the reduced need. The administration’s proposal is to compute the 2021 state DSH allotments based on the state’s actual 2020 DSH allotments. The savings from this proposal is $8.3 billion but does not take effect until 2021.

• **Reimbursement rates on durable medical equipment**
  The administration proposes that beginning in 2013, the reimbursement rate for certain DME services will be tied to what Medicare would have paid for in the same state for the same service. The administration indicates that this would save the federal government $180 million in FY13.

• **Extending the Transitional Medical Assistance Program and the Qualified Individual Program**
  In addition, the administration proposes to extend the Transitional Medical Assistance through the end of 2013 and extend the Qualified Individual Program through the end of 2014. The Transitional Medical Assistance Program is designed to extend Medicaid coverage for at least 6 months and up to 12 months for low-income families who lose cash assistance due to an increase in earned income or hours of employment. The Qualified Individual Program provides states 100 percent federal funding to pay the Medicare Part B premiums of low-income Medicare beneficiaries with incomes between 120 and 125 percent of the FPL. The cost of extending the Transitional Medical Assistance Program is budgeted at $815 million over 10 years while the cost of extending the Qualified Individual Program would be $1.7 billion over 10 years. While the administration does not extend the current funding for the programs for the full 10 years, the authorizing legislation extends the programs for 10 years.

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**
**CENTERS FOR MEDICARE & MEDICAID SERVICES**
*Program Integrity*

**Medicare, Medicaid and CHIP Program Integrity**
The administration seeks to strengthen the Medicare and Medicaid Program Integrity efforts through a series of 16 legislative proposals which would save the programs $3.6 billion over 10 years.

**Medicare Legislative Proposals**
- Require Prepayment or Earlier Review for Power Mobility Devices
- Allow Civil Monetary Penalties for Providers and Suppliers who Fail to Update Enrollment Records
- Allow the Secretary to Create a System to Validate Practitioners Orders for Certain High Risk Items and Services
President’s Proposed FY13 Budget

- Increase Scrutiny of Providers using Higher Risk Banking Arrangements to Receive Medicare Payments
- Require Prior Authorization for Advanced Imaging

**Medicaid Legislative Proposals**
- Track High Prescribers and Utilizers of Prescription Drugs in Medicaid
- Strengthen Medicaid Third-Party Liability
- Require Manufacturers that Improperly Report Items for Medicaid Drug Coverage to Fully Repay the States
- Enforce Manufacturer Compliance with Drug Rebate Requirements
- Require Drugs be Electronically Listed with FDA to Receive Medicaid Coverage
- Increase Penalties for Fraudulent Noncompliance on Rebate Agreements
- Prevent Use of Federal Funds to Pay State Share of Medicaid or CHIP
- Consolidate Redundant Error Rate Measurement Programs

**Medicare and Medicaid Legislative Proposals**
- Retain a Portion of Recovery Audit Contractor Recoveries to Implement Actions that Prevent Fraud and Abuse
- Permit Exclusion from Federal Health Care Programs if Affiliated with Sanctioned Entities
- Strengthen Penalties for Illegal Distribution of Beneficiary Identification Numbers

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**
**CENTERS FOR MEDICARE & MEDICAID SERVICES**
**State Grants and Demonstrations**

**Incentives for Prevention of Chronic Diseases in Medicaid**
The FY13 budget proposal suggests funding for new programs, while allowing others to expire, or sunset. The President proposes $100 million for the ACA-authorized initiative, Incentives for Prevention of Chronic Diseases in Medicaid under which states would provide incentives to beneficiaries upon their successful completion of qualifying prevention programs. Funds for this program are available until expended for a five year program. Ten states have received initial rewards.

**Medicaid Emergency Psychiatric Demonstration**
The Affordable Care Act provides up to $75 million for a three-year demonstration to provide federal matching funds to states to provide inpatient emergency psychiatric care to Medicaid beneficiaries ages 21-64 in private psychiatric hospitals. Funding is available through 2015.

**Medicaid Integrity Program**
The Medicaid Integrity Program was established under the Deficit Reduction Act (DRA) and was modified in the Affordable Care Act. The Deficit Reduction Act appropriated $75 million in funds beginning in FY09 and for each year thereafter. The Affordable Care Act increased the appropriations for FY11 and future years by inflation.

**Money Follows the Person (MFP)**

The Money Follows the Person demonstration is now operating in 43 states and the District of Columbia. The Affordable Care Act provided an additional $2.25 billion, $450 million for each fiscal year starting in 2012 through 2016. Funding awarded to states in FY16 is available to states for expenditures through FY2020.

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**CENTERS FOR MEDICARE & MEDICAID SERVICES**

*Center for Medicare and Medicaid Innovation*

**Overview**

With an emphasis on strategies to improve quality while achieving efficiencies, the Administration requests $1.4 billion in FY13 to fund the Center for Medicare and Medicaid Innovation (CMMI). As of January 2012, the Center has begun testing several reforms including the Partnership for Patients; HHS Health Care Innovation Challenge; Accountable Care Organization Models; Bundled Payments; Federally Qualified Health Centers Advanced Primary Care Demonstrations; Comprehensive Primary Care Initiative; and the Dual Eligible Model. According to the Administration’s proposed budget, 97 percent of the spending from CMMI is projected to be on specific models and initiatives, as well as necessary supports.

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**HEALTH RESOURCES AND SERVICES ADMINISTRATION**

*Access to Care and the Health Care Workforce*

**HRSA Aggregate Funding Request**

The FY13 budget proposes $8.4 billion for the Health Resources and Services Administration (HRSA), representing a net decrease of $366 million FY12 program levels. HRSA is charged with improving access to health care for those in medically underserved areas, and with enhancing the capacity of the health care workforce.

**Health Centers**

The Administration’s FY13 budget requests $3.1 billion for the Community Health Center Fund; this includes the $1.5 billion in mandatory spending provided through the ACA’s Community Health Center Fund.

**Improving Rural Health**
The FY13 budget includes $122 million for targeted rural health programs. The administration indicates that this investment includes $56 million to continue collaborative models to improve health care access and quality for those living in rural areas; $20 million for research and technical assistance; $12 million to expand access to quality care through telecommunications; and $7 million for screening and care for miners with occupation-related impairments.

**Health Workforce Capacity**
The Administration’s proposed budget includes $677 million for this program. Within this amount, the administration proposes $32 million over the FY12 funding levels to expand the number of primary care nurse practitioners and physician assistants. The budget also includes $10 million to support the National Center for Health Workforce Analysis. The purpose is to develop reliable methodologies to analyze the nation’s health workforce and provide accurate data.

**Traumatic Brain Injury**
The HRSA budget request includes level funding of $10 million for Traumatic Brain Injury (TBI) Grants to states.

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**
**ADMINISTRATION FOR CHILDREN AND FAMILIES**

**Block Grants and Energy Assistance**

**Community Services Block Grant**
The Administration’s FY13 budget proposes reducing funds for the Community Services Block Grant (CSBG) Program from $679 million to $350 million. Similar to last year’s budget proposal under the President’s budget request, Community Action Agencies would be required to apply competitively for CSBG Program Awards.

**Low-Income Heating, Energy and Assistance Program**
The FY13 budget proposal includes a $452 million reduction to the Low-Income Heating, Energy and Assistance (LIHEAP) Program, which would reduce funding from $3.5 billion to $3.0 billion. The proposal calls for $2.8 billion in base grants and $200 million in contingency funds. The proposed reduction is explained in the budget by indicating that home heating costs this winter as compared to last winter are expected to decline.

**Social Services Block Grant**
The Social Services Block Grant is a capped entitlement which provides flexible grants to states according to population size for the provision of social services. The President requests level funding for the Social Services Block Grant (SSBG) program, in the amount of $1.7 billion.
**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**CENTERS FOR DISEASE CONTROL**

*Health Promotion and Disease Prevention*

**Preventive Health and Health Services Block Grant**

In its FY13 budget, the administration proposes not to fund the Preventive Health and Health Services Block Grant indicating that the activities are duplicative of existing activities and can be more effectively implemented through the new Comprehensive Disease Program and Prevention and Public Health investments. This represents a proposed $79 million cut from FY12.

**Chronic Disease Prevention and Health Promotion**

The administration’s proposal is $1.1 billion for this fund, which represents a decrease of $39 million from FY12 funding levels.

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**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**NATIONAL INSTITUTES OF HEALTH**

*National Institute on Aging*

**National Institute on Aging**

The President’s FY13 budget requests $30.9 billion for the National Institutes of Health (NIH), which includes $1.1 billion for the National Institute on Aging. Last week, the administration also announced under its “We Can’t Wait” initiative that in FY13, NIH will support studies designed to gain a greater understanding of the risk factors that predispose someone to Alzheimer’s Disease and then translate this understanding into new diagnostics and treatments; identify new strategies for interrupting the disease process; and test those strategies in individuals before they show signs of the disease.

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**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**OFFICE OF CIVIL RIGHTS**

*Olmstead Enforcement*

**Olmstead Enforcement**

The President’s budget requests $39 million in funding for the Office of Civil Rights (OCR), the HHS lead in Olmstead enforcement activities, which is a $2 million decrease over the FY12 level.
HEALTH INFORMATION TECHNOLOGY

The President is requesting a $5 million dollar increase over FY12 for the Office of the National Coordinator (ONC), to foster the proliferation of Health Information Technology (HIT) use, bringing the ONC’s budget request to $66 million for FY13.

IMPROVING HEALTH AND WELLNESS FOR INDIVIDUALS WITH DISABILITIES

The Office on Disability’s FY13 Budget is $1.1 million, an increase of $2,000 over the FY12 level. The Budget for the Office on Disability provides support to the Secretary and Department’s disability initiatives and programs. Moreover, the Office on Disability must effectively monitor work being led by various agencies within the Department to streamline processes and avoid redundant efforts. Finally, the Office on Disability works closely with agencies in HHS that have program authority for existing health care programs and related services benefiting people with disabilities.

MENTAL HEALTH BLOCK GRANT

For FY13, the Administration proposes to level fund the Substance Abuse and Mental Health Services Administration’s (SAMHSA) Mental Health Block Grant funding at $439 million.

STATE SUBSTANCE ABUSE PREVENTION GRANTS

The President’s budget consolidates substance abuse prevention funding by combining the Prevention set-aside from the Substance Abuse Prevention and Treatment Block Grant and the Strategic Prevention Framework Program, and establishes a new State Substance Abuse Prevention grant. The requested level of funding for this program is $405 million. The administration indicates that this new streamlined effort will encourage states to use data-driven planning and implement evidence-based practices that prevent substance abuse.
Overview
President Obama requests $1.063 billion for the Corporation for National and Community Service (CNCS) in FY13, an increase of $13.8 million, or one percent, over the current funding level.

Senior Corps
The FY13 budget request for all three Senior Corps programs is $207.8 million. These programs connect individuals over the age of 55 to local volunteer opportunities, including mentoring vulnerable children, providing independent living services and support to frail seniors and their caregivers, and leveraging additional volunteers.

Disability Inclusion Grants
The FY13 budget request of $3 million would fund training, outreach, and reasonable accommodation requests, with the goal of increasing the number of national service participants with disabilities.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
HOUSING FOR THE ELDERLY AND FOR PERSONS WITH DISABILITIES

HUD Aggregate Funding Request
The President’s proposed FY13 budget provides $44.8 billion for the Department of Housing and Urban Development (HUD), an increase of 3.2 percent, or $1.4 billion, above the FY12 funding level. Key priority areas in HUD’s proposed budget include the protection of vulnerable families, the revitalization of distressed neighborhoods, and an investment in sustainable development.

Sustainable Communities and Innovative Infrastructure Planning
The Budget supports the multi-agency Partnership for Sustainable Communities, an initiative that integrates resources and expertise from HUD, the Department of Transportation (DOT), and the Environmental Protection Agency (EPA). The Budget would provide $100 million for the Sustainable Communities Initiative, which creates incentives for communities to develop comprehensive housing and transportation plans to achieve
sustainable development, reduce energy consumption and greenhouse gas emissions, and increase affordable housing near public transit. Of this amount, $92 million would go to Sustainable Communities Initiative Grant Programs, compared to no amount in FY12 and $100 million in FY11; while $8 million would provide contracts to support research and evaluation activities, compared to no amount in fiscal years 2012 and 2011.

**Community Development Block Grant**
The Budget proposal would provide $3 billion for the Community Development Block Grant (CDBG) formula program, a level request from FY12. CDBG funding will allow over 1,200 State and local governments to invest in needed public infrastructure improvements, rehabilitate affordable housing, and create and retain jobs.

**HOME Investment Partnerships Program**
The Administration also requests level funding of $1 billion for the HOME Investment Partnerships program, which will provide funding to about 645 State and local governments to increase the supply of affordable housing for low-income families.

**Section 202 Housing for the Elderly**
Since 1959, the Housing for the Elderly program has supported both the construction and operation of supportive housing for very low-income elderly households, including frail elderly. The FY13 budget request includes $285 million to renew and amend operating subsidy contracts for existing Section 202 housing, and $90 million to support service coordinators who work on-site to help residents obtain critical services, such as benefits counseling. It also includes $100 million for new awards of operating assistance to expand the supply of affordable, supportive senior housing by approximately 3,500 units.

**Section 202 Supportive Housing for the Elderly Act of 2010**
Building on the Section 202 Supportive Housing for the Elderly Act of 2010 (P.L. 111-372), the Administration is seeking further reforms through its FY13 budget request, by support senior preservation rental assistance contracts (SPRACs) to ensure continued affordability for elderly residents living in older existing Section 202 properties that are at-risk of being lost as affordable housing stock.

**Section 202 Project Rental Assistance Authority**
The Administration is seeking further reforms, both legislative and administrative, to permit a new generation of Section 202 housing with supportive services targeted to populations most in need of affordable housing. In particular, the Budget proposes to carry over to Section 202 the Project Rental Assistance authority that was created by the Frank Melville Supportive Housing Investment Act of 2010 and is currently applicable to the Section 811 Supportive Housing for Persons with Disabilities Program. Doing so would allow HUD to provide Section 202 operating assistance directly to States to identify and fund supportive housing projects in line with state housing and health care priorities. To qualify, projects
must be fully leveraged with other capital resources, and only require Section 202 for operating assistance.

**Section 811 Housing for Persons with Disabilities**
Since 1992, the Housing for Persons with Disabilities Program has supported both the construction and operation of supportive housing for very low-income people with disabilities. The FY13 Budget would provide $96 million to renew and amend operating subsidy contracts for existing Section 811 housing, and the request also includes $54 million to allocate Section 811 Project Rental Assistance through States that demonstrate an integrated health care and housing approach to serving households with disabilities.

**DEPARTMENT OF LABOR**
**EMPLOYMENT FOR OLDER ADULTS AND INDIVIDUALS WITH DISABILITIES**

**The Community Service Employment for Older Adults Program**
The Community Service Employment for Older Americans program, also known as the Senior Community Service Employment Program, or SCSEP, is authorized under Title V of the Older Americans Act (OAA). The Program offers part-time, work-based training to low-income individuals aged 55 and older, at non-profits or government agencies, in order to prepare participants for entry or re-entry into the workforce. The statutory goals of the program are to foster individual economic self-sufficiency, provide community service opportunities for low-income seniors, and increase their participation in unsubsidized employment.

**Transferring SCSEP to AoA**
The Administration proposes transferring SCSEP from the Department of Labor (DoL) to AoA, reasoning that this move would provide greater alignment with the agencies that provide supportive services while enhancing the participants’ employment prospects. The FY13 budget proposes $448 million in funding for SCSEP, which is level funding relative to FY12.

**Office of Disability Employment Policy**
The President’s budget requests level funding for FY13, $39 million, to support the Office of Disability Employment Policy’s (ODEP) work in developing and promoting the implementation of policy that improves employment opportunities and outcomes for people with disabilities. This amount includes a continuation of the $12 million investment, matched by an equal amount from the Employment and Training Administration (ETA), to build on a collaborative effort under the Disability Employment Initiative (DEI) to build disability service capacity in Workforce Investment Act (WIA) One-Stop system
Overview
The President’s proposed FY13 Budget would invest a total of $74 billion in discretionary and mandatory budgetary resources for the Department of Transportation (DOT), an increase of 2 percent, or $1.4 billion. This includes infrastructure investments as well as savings from reductions to grant programs for larger airports.

Livable Communities
The budget request includes $5 million in funding to coordinate livability and sustainability work between DoT, HUD, and EPA. These funds would, in part, provide direct technical assistance to states, localities, and non-profits in order to improve performance measurement capabilities, enhance alternatives analysis capabilities, and establish training and workshops for personnel.

Surface Transportation Authorization
The authorizing legislation for federal surface transportation programs, the Safe, Accountable, Flexible, Efficient Transportation Equity Act, also known as SAFETEA-LU, (PL 109-59), expired on September 30, 2009. To continue highway, transit, and highway safety programs, Congress extended the SAFETEA-LU authorities on a short-term basis, most recently through March 31, 2012. To address the need for more permanent legislation, the President’s budget would provide $476 billion for surface transportation programs over six years. Of this amount, $47 billion would go to continuing construction of a national high speed rail network, and $108 billion would fund the rebuilding and rehabilitation of existing transit program.

Consolidated Highway and Transit Programs
Under the President’s surface transportation plan, 55 separate highway programs would be merged into five core programs, and five transit programs would be merged into one state of good repair program and one specialized transportation program.

Immediate Transportation Investments
The President’s request includes an additional $50 billion in funding for immediate transportation investments in FY12. These investments would be made in critical areas of transportation to provide a targeted economic boost to facilitate job creation.

PAYGO
The President recommends reclassifying all surface transportation spending as mandatory, thereby subjecting legislation funding surface transportation programs to PAYGO requirements.
Administrative Proposals
The Administration’s FY13 budget requests $11.7 billion in discretionary funding for the Social Security Administration (SSA), a $45 million increase from FY12, to maintain core services to workers, retirees, survivors, and people with disabilities.

Legislative Proposals: Work Incentives Simplification Pilot (WISP)
As it did last year, the Administration’s budget also includes a five-year reauthorization of SSA’s section 234 demonstration authority for the DI program, which would allow SSA to test program innovations, including WISP. WISP would provide beneficiaries with a simple set of work rules that would no longer terminate benefits based solely on earnings. As a result, beneficiaries would have more flexibility to try working, without fear of losing their benefits.

Legislative Proposals: Extension of the Payroll Tax Holiday
The FY13 President’s Budget includes a proposal to prevent tax increases on working families by extending the temporary 2.0 percentage point reduction in the employee Social Security payroll tax rate through the end of calendar year 2012. The reduction would apply to the first $110,100 of taxable wages. For self-employed individuals, the Social Security payroll tax rate would be reduced from 12.4 percent to 10.4 percent of the first $110,100 of net taxable self-employment income received. The Social Security Trust Funds would be held harmless and receive transfers from the General Fund of the Treasury equal to any reduction in payroll taxes.

Legislative Proposals: Extend SSI Eligibility for Refugees and other Humanitarian Immigrants
The FY13 President’s Budget includes a proposal to increase the SSI eligibility period for refugees, asylees, and other noncitizens in refugee-like immigration statuses from a maximum of seven years to a maximum of nine years during FYs 2013 and 2014. Individuals whose benefits expired solely due to the seven-year time limit would be eligible for up to 24 months of extended benefits paid prospectively until the conclusion of the nine-year period, or the end of FY 2014, if earlier. The time-limited SSI eligibility period was temporarily extended to nine years for FYs 2009-2011. However, effective October 2011, the SSI eligibility period for refugees and other humanitarian immigrants reverted to seven years.

Legislative Proposals: Conform Treatment of State and Local Government Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) for SSI
The FY13 Budget proposes to conform the treatment of state and local EITC and CTCs to be consistent with the treatment of the Federal EITC and CTC for purposes of determining eligibility for SSI. Currently, the Federal EITC and CTCs are excluded from the SSI income and
resource tests. However, state and local versions of these credits are not excluded, resulting in the reduction of loss of SSI benefits for those receiving the credits. This proposal is intended to simplify SSI policy, and to eliminate the administrative costs of determining whether such credits are excluded Federal payments or countable state or local payments.
THE FEDERAL BUDGET PROCESS

OVERVIEW

The federal budget process is an annual activity that formally begins when the President sends his budget request to Congress in February. Upon receiving the President’s budget proposal, the House and Senate begin the work of constructing the federal budget, first by developing their own spending proposals in the form of budget resolutions, and then by passing subsequent legislation to fund the federal government, also referred to as appropriations bills. Once Congress passes the spending bills, the President must still sign them into law in order for them to take effect. Final approval of the appropriations bills by the President signals the end of the annual federal budget process.

THE FEDERAL BUDGET PROCESS

THE PRESIDENT’S BUDGET REQUEST

The Role of the President’s Budget Request
The President’s budget request is not binding on Congress. Rather, it seeks to inform lawmakers throughout the process of constructing the federal budget by setting a framework for overall federal fiscal policy, outlining relative priorities for federal programs, and recommending spending and tax policy changes. Since Congress, and not the Administration, is the primary authority over federal revenue and spending policy, it is through the congressional appropriations process that funding levels will ultimately be set.

- Federal Fiscal Policy: The President’s budget provides Congress with an outline of the Administration’s federal fiscal policy by recommending the spending levels and tax revenues to which the federal government should adhere in the coming fiscal year, with the difference between the two representing a projected deficit or surplus.

- Federal Program Priorities: The President’s proposal sets specific funding levels for individual federal programs, allowing the request to functionally inform Congress of the Administration’s federal program priorities, for both the applicable budget cycle and in the longer-term.

- Spending and Tax Policy Changes: The annual budget submitted by the President must outline how much funding the Administration recommends for each discretionary program, and the President has the flexibility to propose changes to entitlement programs and the tax code.
  
  o Discretionary Funding: In the budget request, the President must request a specific funding level for discretionary, or appropriated, programs. These
programs, which comprise approximately one-third of all federal spending, fall under the jurisdiction of the House and Senate appropriations committees, and require annual spending renewals in order to operate,

- **Mandatory Funding**: The President is not required to propose changes to mandatory or entitlement programs such as Medicare, Medicaid and Social Security, if the Administration determines no changes are necessary. However, alterations to these programs that are not dependent on annual appropriations may be included in the President’s budget request.

- **Revenue Changes**: The President may include changes to the tax code in the budget request, and any proposal that would increase or decrease taxes is reflected in projected federal revenue for the applicable fiscal years, relative to what would otherwise be collected.

## THE FEDERAL BUDGET PROCESS

### THE CONGRESSIONAL BUDGET RESOLUTION

#### The Role of the Congressional Budget Resolution

Traditionally, the budget resolution is developed in response to the President’s budget request, and takes into consideration the Administration’s recommendations, as well as the budget justifications offered by federal agencies and Administration officials. The budget resolution is designed to guide Congress through the remainder of the budget cycle. Once it is passed, the terms of the budget resolution are enforceable in both chambers through points of order.

The congressional budget resolution has no legal or statutory authority; instead, it represents an agreement between the House and the Senate on budget priorities, as well as a framework to guide all of Congress’ subsequent budgetary actions for the applicable budget cycle. When Congress is unable to pass a budget resolution, the House and Senate must pass a continuing resolution (CR), authorizing the previous year’s resolution to remain in effect in order to keep federal government operational.

Since the budget resolution is not a law, it does not have any impact on federal spending. Thus, Congress must still enact separate legislation to fund the federal government, whether or not a budget resolution is in place to inform this process.

#### The Congressional Budget Resolution Process

Upon receiving the President’s budget request, Congress begins the work of crafting a congressional budget resolution. As required by the *Congressional Budget and Impoundment Control Act of 1974* (the Congressional Budget Act), the House and Senate Budget Committees are responsible for drafting and submitting a five-year budget resolution by April of each year.
Once the House and Senate Budget Committees have developed their drafts, the resolutions go to their respective floors, where a majority vote is necessary in order to amend the measure. Upon passage in each chamber, any differences between the two resolutions must be reconciled by members of the House and Senate through conference. Having a done so, both houses must then vote to approve the final version in order for it to take effect. Once cleared, the result is a concurrent congressional resolution. Though it has no legal or statutory authority, the terms of the budget resolution are enforceable in the House and Senate against individual appropriations, as well as entitlement and tax bills, through points of order.

To enforce the budget resolution, any member of the House or Senate may raise a budget point of order to block legislation that violates the terms of the measure. Since the budget resolution limits discretionary spending, points of order are usually brought to challenge legislation that exceeds a committee’s spending allocation. Additionally, tax or entitlement bills, the cost of which is determined by a score from the Congressional Budget Office (CBO), must fit within the spending limit for each year that is projected in the budget resolution. Bills which operate outside of these parameters may trigger a budget point of order. In the House, a point of order may be waived by a simple majority, but in the Senate, 60 votes are required to defeat the challenge.

Since it carries no legal authority, the budget resolution does not directly allocate federal funds making the passage of spending legislation a necessary next step in the federal budget cycle. Occasionally, as in FY11, Congress is unable to pass a budget resolution, and must move forward with the business of funding the government without this agreement in place. Thus, with or without a budget resolution, in order to fund the federal government, Congress must pass appropriations bills.

**THE FEDERAL BUDGET PROCESS**

**THE APPROPRIATIONS PROCESS**

**The Role of Appropriation Bills**

Both the House and Senate have Appropriations Committees that are divided into subcommittees, and each subcommittee is responsible for producing an appropriation bill setting funding levels for individual government programs. The appropriation bills actually provide the funding for the discretionary spending programs that are outlined in the budget resolution.

Appropriation bills usually begin in the House, where the full Appropriations Committee votes on the spending bill that is developed by the individual subcommittee before sending the measure to the full House for a vote. The Senate traditionally considers appropriations measures after the House has passed them, and the process is largely similar, if less
extensive, in the upper chamber. Once the Senate passes its appropriations bill, the two chambers then work to resolve any differences between their bills, returning the consolidated legislation to both chambers for final approval. Once the bills 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.

**The Appropriations Process**

The budget resolution is structured according to approximately 20 budget functions, or categories of spending, which often cut across agency lines. Since the role of the budget resolution is to provide Congress with a blueprint for budget development, and not to implement spending policy, its functional categories have little correlation to congressional committee jurisdiction, and are instead used to organize types of spending within the federal government’s various accounts.

Since the budget resolution frames spending in terms of functional categories rather than in terms of spending for specific agencies or programs, the amounts set in the resolution must still be allocated to the House and Senate Appropriations Committees, which have jurisdiction over all discretionary spending programs.

To facilitate this process, the report that accompanies the budget resolution includes a 302(a) allocation, which distributes the spending totals that are categorized by function in the resolution by congressional committee instead. Each Appropriations Committee receives a single 302(a) allocation, which it then distributes among its 12 subcommittees, each of which is responsible for creating one appropriations bill. These subsequent distributions are known as 302(b) sub-allocations, and are the source from which subcommittees determine funding levels for the various programs and projects over which they have jurisdiction.

Once the appropriations subcommittees receive their sub-allocation, they begin to develop their respective appropriations bills, which are eventually sent to the Appropriations Committee, and then to the full chamber for a vote. To avoid a point of order challenge to the legislation, the funding included in appropriations bills must fit within the 302(a) allocation given to the Appropriations Committee, as well as the corresponding 302(b) sub-allocations. If a point of order is raised, it may be waived by a simple majority in the House; but in the Senate, 60 votes are required to defeat the challenge.

Additionally, the House and Senate each have in effect a rule requiring that all entitlement increases and tax cuts be fully offset. This Pay-As-You-Go, or PAYGO, requirement is triggered by legislation seeking to reduce taxes or increase entitlement spending. In the Senate, any such measure that is not offset is subject to a point of order, which can only be waived by the vote of 60 Senators. In the House, if a member raises a point of order, the bill is automatically defeated, unless the House Rules Committee previously waived PAYGO requirements as part of the broader measure.
Traditionally, spending bills originate in the House, and are then sent to the Senate, which often brings its own version to the floor. If there are differences between the two versions, members of the House and Senate will form a conference committee to revise the bill and return it to both chambers for final approval. Once Congress passes the spending bills, the President must still sign them into law in order for them to take effect. Final approval of the appropriations bills by the President signals the end of the annual federal budget process.