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SPECIAL REPORT:

Labor-HHS-Education Appropriations Conference Report and California Implications -- December 20, 2001 *(revised 12/21/2001)*

On Wednesday, December 19, 2001, by a vote of 393-30, the House approved H.Rept 107-342, the Conference Report to accompany the Labor-HHS-Education Appropriations bill for FY 2002. The Senate followed suit on December 20, approving the conference report on a 90-7 vote.

The following represents a quick analysis of the bill from a California perspective as prepared by the California Institute. We apologize for any errors or omissions in our discussion of these documents, and would appreciate any input/feedback on how to make improving corrections. The ordering of items generally reflects their presence in the bill and does not mean to imply any relative importance.

This appropriations analysis is available on the California Institute web site at <http://www.calinst.org/pubs/lhe02c.htm>. A printable version in Adobe Acrobat ("pdf") format is also available at <http://www.calinst.org/pubs/lhe02c.pdf>.

DEPARTMENT OF LABOR

Training and Employment Services

For total Training and Employment Services, the conference report provides a total of \$5.63 billion, an increase over both the House and Senate bills, which had initially proposed \$5.58 billion and \$5.53 billion respectively.

The bill provides for \$79,751,000 for Migrant and Seasonal Farmworkers under the Workforce Investment Act, with language directing that \$4,786,000 be used for migrant and seasonal farmworker housing grants, with the remainder for State service area grants. It also provides \$3.4 billion for State Unemployment Insurance and Employment Service Operations.

The appropriations for the Department of Labor include various local California projects, including \$250,000 for technology training programs at the California State Polytechnic University Pomona; \$250,000 for the Compton Youth Succeed Initiative; \$270,000 to the Greater Sacramento Urban League for job training; \$440,000 for Los Medanos College in Pittsburg for the Brentwood Outreach Center to develop a model program to serve low-income communities; \$1,000,000 to Pride Industries of Roseville to create long-term jobs for persons with disabilities and other barriers to employment; and \$800,000 to the Sacramento Housing and Redevelopment Agency for the Sacramento Pre-Apprenticeship Construction Job Training Program.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Resources and Services Administration

For total health resources and services, the conference report boosts funding to \$6.1 billion, up from \$5.7 billion in the House bill and \$5.5 billion in the Senate version.

The bill provides \$312 million for construction and renovation of health care and other facilities, funds which are to be used for projects in many states. Among these are projects are the Alfred E. Mann Institute and Biomedical Engineering Center at USC; the Center for Innovation in Behavioral Health at the California School of Professional Psychology in San Diego; the Children's Regional Emergency Care Center at Children's Hospital and Health Center in San Diego; Sharp Coronado Hospital; a California Health Center at Psychiatric Emergency Services Center in San Mateo County; a Regional Health Occupations Resource Center at Hartnell College in Salinas; the Children's Hospital of Los Angeles; the Keck School of Medicine at USC; a Complementary Medicine Center at Paradise Valley Hospital in National City; Grossmont College in El Cajon; Riverside-San Bernardino South Clinic in Temecula; La Clinica de la Raza in Oakland; a Trauma/Emergency Medical Services Center at Loma Linda University Medical Center; the Los Angeles Eye Institute, the Touru University School of Osteopathic Medicine at Mare Island; the San Francisco Community Clinic Consortium; Community Medical Centers in Fresno; AltaMed Health Services Corporation in Los Angeles; Pediatric and Family Center in Los Angeles; the East Los Angeles Health Task Force; Alliance Medical Center in Healdsburg; and Center Point in San Rafael.

The conference agreements provides \$1.91 billion for Ryan White programs related to AIDS treatment and prevention, up from the \$1.88 billion proposed by the Senate but down from the \$1.92 billion proposed by the House. Funds include \$620 million for emergency assistance, \$977 million for comprehensive care, \$194 million for early intervention, \$71 million for women-infants-children-youth, \$13.5 million for dental services, and \$35.3 million for education and training centers. For Ryan White Title II State AIDS drug assistance programs, the bill provides \$639 million, instead of the \$649 million in the House bill and \$610 in the Senate bill. The conference report separately notes that the bill includes \$1.136 billion for HIV/AIDS, STD and TB prevention, including \$835 million for HIV/AIDS activities.

The bill also provides \$100,000 for the University of San Diego Institute for the Advancement of Health policy to assess through teaching, research and delivery of services the impact of public policy on families from vulnerable populations.

Centers for Disease Control

From the provisions regarding the Centers for Disease Control, the bill provides \$150,000 for the California Teratogen Information Center at U.C. San Diego.

Within a total of \$76.6 million for comprehensive cancer control, the bill provides \$500,000 for the St. Mary's Comprehensive Cancer Care Center in Long Beach. Within \$15.2 million for community health promotion, the bill provides \$250,000 to Valley Children's Hospital for a mobile asthma care program. From diabetes prevention accounts, the bill specifies \$100,000 is to be spent for a diabetes care program at the Clinica Monsenor Oscar A. Romero in Los Angeles.

The report encourages CDC to support ongoing efforts to deal with Valley Fever, which was named for the San Joaquin Valley but which occurs across the Southwest from California through Texas and in Northern Mexico.

Substance Abuse and Mental Health Services

The conference report includes \$3.14 billion for substance abuse and mental health services, including \$433 million for the mental health block grant, and specifies \$150,000 for the Weingart Center in Los Angeles for development and expansion of mental health support and long-term care management within transitional housing and clinical programs; \$490,000 for Pacific Clinics in Arcadia to support a school-based mental health demonstration program for Latina adolescents; and \$800,000 for the Mentally Ill Offender Crime Reduction demonstration program in Ventura County.

Within funds for the Centers for Substance Abuse Treatment, the bill provides \$1 million for the model substance abuse treatment on demand initiative at the San Francisco Department of Public Health.

Centers for Medicare and Medicaid Services

Within \$118.2 million for research, demonstration and evaluation, the bill specifies \$590,000 for Santa Clara County for the outreach and application assistance aspects of its Children's Health Initiative, to demonstrate means of expanding enrollment of eligible children in Medicaid,

SCHIP and other programs; as well as \$2 million for the AIDS Healthcare Foundation in Los Angeles for demonstration of residential and outpatient treatment facilities.

Administration for Children and Families

The agreement provides \$460.2 million (the higher House-passed level) for refugee and entrant assistance, a large share of which is typically expended in California. The funds include \$158.6 million for Social Services. A total of \$2.1 billion is included for the Child Care and Development Block Grant, of which California typically receives slightly more than 12%. The report also adopts House language which allows states to transfer up to 10% of TANF funds to the Social Services Block Grant program.

For Head Start, the conference report provides \$6.538 billion, higher than the House-passed \$6.475 billion, but below the \$6.6 billion passed by the Senate. California receives roughly 12.4% of Head Start funds.

Within \$22 million for child abuse state grants, the conference report specifies funding of \$440,000 for the Alameda County Social Services Agency for the Alternative Response System.

The bill provides \$6.6 billion for foster care and adoption assistance. Historically, California has received nearly one fourth of foster care funds and somewhat more than 12% of adoption assistance funds.

Administration on Aging

Within \$1.2 billion for aging services programs, and specifically within \$38.3 million for aging research and demonstrations, the bill specifies expenditures of \$440,000 for the Guadalupe Community Center in Los Angeles for a demonstration project on delivery of outreach services to the elderly, including non-English speaking seniors; \$90,000 to Senior Community Centers of San Diego for the Health Promotion/Harm Reduction Demonstration Project, and \$100,000 to the Motion Picture and Television Fund, in partnership with the University of California's Andrus School of Gerontology, for the Eden Alternative Demonstration project that seeks to improve the quality of care and life for seniors residing in nursing homes and assisted living facilities.

Office of the Secretary

Within funds for general HHS activities, the bill provides \$4 million for the U.S.-Mexico Border Health Commission, as proposed in the Senate bill but not the House bill.

The bill also specifies that funds from the Office of Minority Health be used to fund several projects, including \$200,000 for Padres Contra El Cancer in Los Angeles to expand patient education programs and family support services for Latino children with cancer; \$650,000 for the San Francisco Department of Public Health to expand and support San Francisco General Hospital's capacity to provide HIV care and related services with an emphasis on providing care for women and minorities; and \$200,000 for the County of San Diego to provide treatment to TB patients along the Mexican border with California.

The conference agreement omits a proposal which would have rescinded \$200 million in funding under TANF.

DEPARTMENT OF EDUCATION

Education for the Disadvantaged (Title I)

In total funding for the Education for the Disadvantaged accounts, the bill provides \$12.347 billion, higher than the \$11.926 billion proposed by the Senate but below the \$12.571 billion proposed by the House. This 2002 level is more than \$2.3 billion more than the \$10.014 billion provided in FY 2001. The amount includes \$10.35 billion for grants to Local Education Agencies (LEAs). While the amount is a significant increase in overall Title I funds, the conference report makes major changes in the funding mix for these programs.

The conference agreement adopted the lower numbers as proposed by the Senate for the two existing Title I grants -- basic grants and concentration grants. For the Title I basic grant, the conference agreement provides the Senate's \$7.173 billion level, a decrease of \$226 million from the FY 2001 level, and well below the House proposal of \$8.037 billion. For Title I concentration

grants, the agreement provides the Senate's \$1.365 billion level for FY 2002, which is roughly the same as the FY 2001 level and is \$319 million below the level which had been proposed by the House.

The tight lid on spending for basic and concentration grants which was adopted in conference had been added by an amendment on the Senate floor proposed by Sens. Mary Landrieu (LA) and Thad Cochran (MS) in order to provide funds to two Title I components which had been authorized but never funded: targeted grants and education finance incentive grants (EFIG). The bill provides \$1.018 billion for newly-funded targeted grants, and \$793 million in first-time funding for EFIG.

During reauthorization of the Elementary and Secondary Education Act in December 2001, Congress made formula changes for targeted grants and EFIG, which are likely, in the aggregate, to increase California's share of those grants. A past analysis of the four primary grant components of Title I (basic, concentration, targeted, and EFIG) showed that California generally would receive the highest portion of funds from targeted grants, and the lowest from EFIG.

However, in December Congress changed a key formula factor for EFIG funding by counting only children in poverty, as opposed to all children -- a shift which will improve California's share of the program considerably. (California houses a higher percentage of poor children than of children overall. While California was home to 12.5% of the nation's school-age children in 1999, the state housed 15.6% of the nation's poor children.) Nevertheless, EFIG grant funding is still calculated partially based on state average per-pupil expenditure and tax effort for education, both of which cut California's share, and state per capita income is also a factor in the grant formula, which serves to reduce the state's share.

In an odd quirk, California probably would have received more money if the bill provided increased funding to basic grants. California and other growing states have been hampered for years by a Senate-imposed "100% hold harmless," which guaranteed states their prior year's funding level and thus artificially propped up funding in states with less acute needs than those, like California, with very rapid child poverty growth. Only once there was new money above the prior year's levels would the new funds go to alleviate growth states' needs, and those first new dollars would go exclusively to the growth states (with more than 20% to California). Since there are no new basic or concentration grant funds in the conference report, that extra boost to California will not occur.

Nevertheless, California's share of funds from the newly-funded EFIG and targeted grants is likely to be substantial. Precise formula runs to predict state-by-state shares of the newly devised formulas were not available at press time, but Senator Dianne Feinstein issued a statement predicting that California would receive \$300 million more for Title I programs than it did in FY 2001. "California will receive \$1.45 billion in FY 2002 in Title I funds while it received \$1.15 billion in FY 2001. This represents a 26 percent increase over last year. The national average increase was 21% in Title I grants," according to the statement.

It is encouraging that the FY 2002 conference report appears finally to be free of the 100% special hold harmless language that has plagued past years' bills, but the statutory hold harmless provisions (at 85% to 95% of the prior year's level) will still reduce some of the shift of funds to California and other growth states.

The Title I section of the conference report also includes \$3.5 million for the Census Bureau to conduct poverty data updates, which helps California by rendering current what would otherwise be very out-of-date poor child counts.

The agreement reduces funding for migrant education (of which California receives 1/3) to \$396 million, down from the House-passed \$410 million and the Senate-passed \$405 million. It also provides \$235 million for comprehensive school reform, compared to the House's \$310 million level and the Senate's zeroing out of funds.

Impact Aid

For the Impact Aid programs, which supports schools in areas where the local tax base is reduced by significant federal properties such as military bases, the bill provides \$1.14 billion. Because of its dwindling bases presence, California's typical share of Impact Aid funds has declined from about 10% to about 7% over the past few years.

School Improvement Programs

The conference agreement provides \$7.78 billion for school improvement programs, above the House's \$7.67 billion but below the Senate's \$8.75 billion. The agreement reduces teacher quality improvement grants from both the House's and Senate's levels, pegging funds at \$2.85 billion -- the funds are a consolidation of the Eisenhower Professional Development program and the Class Size Reduction program. The report specifically asks that states maintain past Eisenhower program effort levels for math and science.

No funds are provided for emergency school renovation and repair. The House had provide no funds, while the Senate had included \$925 million. For innovative education block grants (formerly Chapter 2), the bill provides level funding of \$385 million -- California typically receives 12% of such funds. For education technology state grants (combining Technology Literacy Challenge fund - CA=11% - and Local Innovation Challenge Grants), the bill provides \$700 million, below both the House level of \$1 billion and the Senate level of \$712 million. For teacher training in technology, the bill's \$62.5 million splits the difference between the Senate's \$125 million and the House's zero.

For the Safe and Drug Free Schools program, of which California historically receives roughly 11%, the conference agreement provides \$644 million.

To implement President Bush's new plan to annually assess student reading and mathematics progress in grades 3 through 8, the bill provides \$387 million Pursuant to provisions of H.R. 1, passed in December, states and school districts have until the 2005-2006 school year to comprehensively implement the new tests.

The conference report provides \$833 million for the Fund for the Improvement of Education, which consolidates a number of programs. Included are earmarks of \$100,000 to American Theater Arts for Youth in San Diego for educational assistance in music and arts; \$150,000 to Art Share Los Angeles for equipment and programmatic support to expand a technology instructional program for at-risk youth; \$50,000 to East Los Angeles Classic Theatre for the "Beyond Borders: Literacy Through Performing Arts" program; \$230,000 for the APPLES Project at East Los Angeles College in Monterey Park to provide early childhood curriculum development, professional development, parental instruction and program dissemination; \$150,000 to the Foundation for the Improvement of Mathematics and Education in San Diego to improve math and science test scores; \$225,000 for the Fresno Unified School District and the City of Fresno for after school programs for middle schools in disadvantaged communities; \$40,000 to the Glendale Unified School District to expand after school programs at the Valley View, Monte Vista and Mountain Avenue Elementary Schools; \$1.2 million to the GRAMMY Foundation in Santa Monica for music education programs; \$500,000 to the Healthy Foundation in Murietta (CA) to conduct a study of the impact of vitamin intake and the school performance of at-risk youth; \$100,000 for school music programs for the International Music Products Association in Carlsbad; \$440,000 to the Los Angeles County Office of Education for the Early Advantage Initiative to provide preschool and family learning activities and training for parents child care providers and community members; \$100,000 for Nosotros in Hollywood to implement music education activities for the Mariachi Plaza after school program; \$440,000 to the Oakland Unified School District for teacher professional development; \$1 million to the Pomona Unified School District for a Literacy Technology Center; \$180,000 to Red Bluff Joint Union High School District for technology; \$340,000 to Resource Area for Teachers in San Jose to provide classroom learning materials and teacher training in use of interactive materials; \$350,000 to the Rio Linda Union School District for technology; \$500,000 to the Riverside Community College District for curriculum development and related costs for the Riverside School for the Arts; \$150,000 to the San Diego Natural History Museum for a distance learning project; \$1 million to the San Diego Unified School District for "The Blueprint for Student Success in a Standards-Based System"; \$75,000 to the San Luis Obispo County Office of Education to develop, maintain and distribute school violence emergency response kits; \$50,000 to the Santa Barbara High School District to develop a health careers academy at San Marcos High School; \$1.8 million to the TELACU Education Foundation in Los Angeles to provide interactive computer literacy and tutoring to economically disadvantaged Latino students; \$440,000 to THINK Together in Santa Ana for after school programs in Orange County; \$285,000 to the Watts Learning Center in Los Angeles for instructional programming in reading and language arts;

\$300,000 to the WestEd Eisenhower Regional Consortium for Science and Mathematics in San Francisco for 24 Challenge and Jumping Levels Math; and \$500,000 to Yosemite National Institutes in Sausalito to develop outreach programs targeted toward minority disadvantaged students. In addition, the report "strongly encourages" the Department of Education to consider funding for the Knowledge Center at Tesoro High School in Las Flores for an electronic communications demonstration project.

Bilingual and Immigrant Education

The ESEA reauthorization bill revised the funding formula for bilingual and immigrant education programs significantly. A new, higher funding level (\$665 million) in the Labor-HHS-Education Appropriations bill for bilingual and immigrant education programs activates a new formula for distributing the funds, which is likely to benefit California. Allocations for the renamed English Language Acquisition and Language Enhancement grants will now be based 80% on states' relative share of children considered limited English proficient (LEP) and 20% based on states' share of immigrant children. Not surprisingly, California's share of both factors is high. The small-state minimum for the program is relatively minor (\$500,000), and 7.5% of the total funds are to be held by the U.S. Dept. of Education for national activities and grants to Indian tribes and territories. Some funds are also reserved to continue existing grants for a few years. States must pass 95% of the funds they receive to eligible school districts and other eligible entities.

The FY 2002 Labor-HHS-Education funding conference report provides \$665 million for bilingual and immigrant education programs, up from \$600 million proposed by the Senate and down from the \$700 million proposed by the House, and either way well above the FY 2001 appropriation of \$460 million. The \$665 million appropriated level begins the sunseting of the prior bilingual and immigrant education programs, which were focused on competitive grants, national research, professional development, and for the formula-based emergency immigrant education program. Grant awards and fellowships begun in FY 2001 and previously will be maintained through their contract cycle using funds from the \$665 million total.

Special Education

The conference agreement provides \$8.67 billion for Special Education, down from the \$8.86 billion level of the House version but up from the \$8.44 billion in the Senate bill, and more than \$1.2 billion more than the FY 2001 level of \$7.44 billion. The total includes \$7.53 billion for IDEA Part B grants to states, of which California typically receives roughly 10%. For special education grants for infants and families, a 12% program for California on average, the bill provides \$417 million, a boost of \$33 million from the FY 2001 level.

Within \$78.4 million for Special Education Research and Innovation, the bill specifies that \$150,000 go to the Lady B. Ranch in Apple Valley for the Therapeutic Horseback Riding Program.

Rehabilitation Services and Disability Research

The report provides \$2.946 billion for rehabilitation services and disability research, a small increase above the levels in both the House and Senate bills, and a sizeable increase over the \$2.8 billion level of last year. California typically receives roughly 10% of funds for vocational rehabilitation state grants, which constitutes the bulk of these funds.

Vocational and Adult Education

The conference agreement provides \$1.18 billion for Vocational Education basic state grants, a compromise between the House's \$1.25 billion and Senate's \$1.1 billion (which was the 2001 level). California's share of voc ed basic grants is typically about 11%. Funds for Adult Education, of which California receives about 10.8%, is set at \$575 million, which is \$15 million above FY 2001. For Tech Prep, also a 11% return for California, funding is slated at \$108 million, a \$2 million increase over FY 2001.

Student Financial Assistance

For overall financial aid, the Labor-H conference report provides \$12.285 billion, below the \$12.410 billion proposed by the House and roughly equal to the Senate level, but far above the FY

2001 appropriation of \$10.674 billion. Most of the funding (\$10.3 billion) is to be used for Pell Grants, bringing the total number of students served to 4.3 million. The bill reiterates the House and Senate bills' directive to move the maximum Pell Grant level to \$4,000, and report language notes that declining national economic conditions are likely to lead to increased use of the Pell Grant program.

The bill also provides \$725 million for Supplemental Educational Opportunity Grants, including \$67 million for Perkins Loan cancellations. For the Leveraging Education Assistance Partnerships (LEAP), the bill provides \$67 million.

Higher Education

The conference agreement funds overall higher education programs at \$2 billion, above both the House's \$1.9 billion and the Senate's \$1.8 billion. Within these funds is \$86 million for Hispanic Serving Institutions.

Also included is \$181 million for the Fund for the Improvement of Postsecondary Education, of which funding is specified for projects: \$350,000 to Los Angeles Trade-Technical College to upgrade and purchase equipment for automotive and culinary training programs; \$1 million to Bakersfield College for science center technology, equipment and personnel; \$300,000 to CSU San Marcos' Center for the Study of Books in Spanish; \$200,000 to CSU Monterey Bay for student support services; \$75,000 to CSU Monterey Bay for a cooperative study of wireless technology in education and industry; \$500,000 to CSU San Bernardino for telecommunications and equipment; \$225,000 to CSU Stanislaus for a pre-licensure nursing program; \$800,000 to City College of San Francisco for the National Articulation and Transfer Network; \$400,000 to Contra Costa Community College for the Bridge to the Future pilot project to increase the enrollment of low-income students; \$300,000 to Dominican University to develop a center for science and technology to serve as a national model for the education of female and minority scientists, nurse training and the use of technology in education and outreach; \$400,000 to Glendale Community College for equipment and technology upgrades for the Cimmarusti Science Center; \$315,000 to the Los Angeles Community College District for the Vocational Instructor Recruitment Initiative; \$800,000 to Los Angeles Harbor College for the Television Network distance learning project; \$200,000 for the Mathematics, Engineering and Science Achievement Program at U.C. to prepare and support students for nursing careers; \$1 million to the San Bernardino Community College district to expand distance telecourse broadcasting; \$800,000 to the Santa Clarita Community College District for the University Center; \$500,000 to U.C. Santa Barbara for the Walter H. Capps Center for the Study of Religion and Public Life for research, fellowships, lecture series and community outreach; and \$1 million to the University of Redlands for technology.

The bill provides \$802.5 million for the TRIO program and \$90 million for Teacher Quality Enhancement Grants.

OTHER PROVISIONS

The bill includes \$380 million in FY 2004 funding for the Corporation for Public Broadcasting, including \$25 million to assist with digital conversion. It also provides \$329 million for the Domestic Volunteer Service Programs under the Corporation for National and Community Service.

Within \$192.6 million for the Institute of Museum and Library Services, the bill provides \$800,000 to the Children's Museum of Los Angeles; \$150,000 to the Chinese American Museum in Los Angeles to complete and install the "Family and Community" exhibit; \$750,000 to the Natural History Museum of Los Angeles County for the Julian C. Dixon Institute for Cultural Studies; \$290,000 to the Santa Barbara Maritime Museum for an environmental exhibit; \$25,000 to the Santa Maria Valley Discovery Museum; and \$1 million to the Fine Arts Museums of San Francisco to expand model arts education programs at the de Young Museum.