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SPECIAL REPORT:
Labor-Health & Human Services -
Education Appropriations for FY 2004
(Senate Version), California
Implications -- *August 14, 2003*
... as Updated on September 11, 2003

On June 26, 2003, the Senate Appropriations Committee marked up and passed S.1356, a FY 2004 Appropriations bill for the Departments of Labor, Health & Human Services, and Education, by a 25-4 vote. The Senate report is S.Rpt. 108-81. (By a vote of 215 to 208 on July 10, 2003, the House of Representatives passed H.R. 2660, after the bill was approved (33-23) by the House Appropriations Committee on June 25, 2003. The House Committee report accompanying the bill is H.Rpt. 108-188.)

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/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/lhe04s.htm>, and a printable Adobe Acrobat ("pdf") version is available at <http://www.calinst.org/pubs/lhe04s.pdf>. An analysis of the House version of the FY 2004 Labor-HHS-Education funding bill is available at <http://www.calinst.org/pubs/lhe04h.htm>, and a pdf format version is available at <http://www.calinst.org/pubs/lhe04h.pdf>.

**** *TEXT ADDED ON SEPTEMBER 11, 2003, AFTER SENATE FLOOR PASSAGE* ***
THESE ITALICIZED CHANGES ARE NOT REFLECTED IN THE TEXT THAT FOLLOWS IT

By a 94-0 vote on September 10, 2003, the Senate approved its version of H.R. 2660, a \$472 billion fiscal year 2004 appropriations bill to fund the Departments of Labor, Health & Human Services, and Education. The bill had been under floor consideration since September 2, and the Senate considered more than 100 amendments. The bill passed with language, supported by Democratic Senators, prohibiting administration action on its plan to change overtime pay standards.

Another amendment, adopted 51-44, prohibits the administration from implementing its planned change in the methodology for counting state and other taxes in determining eligibility for student financial assistance -- a provision that opponents feared would result in 84,000 students becoming ineligible for Pell Grants. The bill holds back \$200 million in NIH spending until the end of FY 2004 in order to offset the change.

By voice vote, the Senate also adopted an amendment by Sen. Christopher Dodd (CT) to increase funding for the Special Education - Grants to States program by an additional \$1.2 billion. Before the Dodd amendment, the bill already included a \$1 billion increase, so the amendment raises total 2004 spending for grants under the Individuals with Disabilities Education Act (IDEA) to \$11.1 billion, a \$2.2 billion total increase from 2003.

During floor consideration, the Senate rejected a number of spending increase amendments for the Workforce Investment Act, rural schools, impact aid, and Latino and Native American education programs, as well as an amendment by Senator Barbara Boxer to boost after school program funding by \$250 million. A later amendment by Sen. James Inhofe (OK) did add \$5 million for impact aid programs, and a successful amendment by Sen. Harry Reid (NV) provided increases in a number of Latino-oriented education programs, including an additional \$85 million for language instruction, \$6.5 million for Hispanic-serving institutions, \$4.6 million for migrant education, \$11 million for high school equivalency, \$1 million for college assistance migrant program (CAMP), \$12.8 million for parental assistance and local family information centers, and \$69 million for migrant and seasonal Head Start programs. The Reid amendment increases were to be offset by postponing \$146 million in NIH spending.

In a one-sentence amendment offered by Sen. John Ensign (NV) and approved by voice vote, the Senate bill changes one word in language that currently requires \$3.5 million be transferred annually from the Department of Education to the Census Bureau -- which is used to obtain updated school district-level census poverty data for Title I formula allocations; the Senate bill now would require updates every year instead of every two years.

The Senate measure now moves to conference with the House, which completed work on its version of the bill on July 10.

***** END 9/11/2003 INSERTED TEXT *****

FY 2004 SENATE LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS

On June 26, 2003 the Senate Appropriations Committee reported its version of the Fiscal Year 2004 Appropriations bill for the Departments of Labor, Health and Human Services, Education, and Related Agencies ("Labor-H"). The Labor-H bill constitutes the largest of the non-defense appropriations bills being considered by Congress this year. The House Appropriations Committee marked up its legislation on June 25, 2003, and the House passed the bill on July 10.

DEPARTMENT OF LABOR

TRAINING AND EMPLOYMENT SERVICES

For Training and Employment Services, the Senate Committee recommended a funding level of \$5.1 billion for programs authorized by the Workforce Investment Act. The figure recommended represents a decrease of \$84.6 million from the FY03 funding level and \$163.6 million over the President's budget request.

The bill appropriates \$77.3 million for the Migrant and Seasonal Farmworkers Program, including \$4.6 million for migrant and seasonal farmworker housing grants.

Employment Service Grants to the States

The bill provides \$792 million in funding for Employment Service Grants to the States.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

HEALTH RESOURCES AND SERVICES (HRSA)

The Senate Committee recommends \$6 billion to fund Health Resources and Services. The appropriation is \$549.2 million below last year's funding level and \$240.3 million above Administration's budget request. Health Resources and Services Administration activities support programs to provide health care services for mothers and infants, the underserved, elderly, homeless, migrant farm workers, and disadvantaged minorities.

CENTERS FOR DISEASE CONTROL

The bill provides a total program level of \$4.644 billion for the Centers for Disease Control. The Committee recommendation includes \$4,432,496,000 in budget authority and an additional \$212,134,000 via transfers available under section 241 of the Public Health Services Act. The FY04 funding level is \$150 million and \$325.3 million above the FY 2003 funding level and the Administration's budget request, respectively. The bill includes legislative language directing \$2.3 million of the total to expand research activities conducted by the regional Centers for Birth Defects Research and Prevention, some of which are located in California.

PREVENTATIVE HEALTH AND HEALTH SERVICES BLOCK GRANT

The bill appropriates \$135 million to fund the Preventative Health and Health Services Block Grant, which provides states with funds for services to reduce preventable morbidity and mortality to improve the quality of life. The FY04 appropriation is \$877,000 over the FY03 comparable funding level, and is the same as requested by the Administration.

NATIONAL INSTITUTES OF HEALTH

The Committee recommends \$27.991 billion to fund the National Institutes of Health (NIH) for the purpose of biomedical research activities. The Senate Committee's FY04 allocation is \$1 billion higher than the appropriation made last year, and \$327 million higher than the amount requested by the Administration. The total appropriated for the National Institutes of Health includes:

- \$4,770,519,000 for the National Cancer Institute
- \$2,897,595,000 for the National Heart, Lung and Blood Institute
- \$386,396,000 for the National Institute for Dental and Craniofacial Research
- \$1,833,007,000 for the National Institute for Diabetes and Digestive and Kidney Diseases
- \$1,510,926,000 for the National Institute for Neurological Disorders and Stroke
- \$4,335,255,000 for the National Institute of Allergy and Infectious Diseases
- \$1,917,033,000 for the National Institute of General Medical Services
- \$1,251,185,000 for the National Institute of Child Health and Human Development
- \$657,199,000 for the National Eye Institute
- \$637,074,000 for the National Institute of Environmental Health Sciences
- \$1,031,411,000 for the National Institute of Aging

- \$505,000,000 for the National Institute of Arthritis Musculoskeletal and Skin Diseases
- \$384,577,000 for the National Institute on Deafness and Other Communication Disorders
- \$135,579,000 for the National Institute on Nursing Research
- \$431,521,000 for the National Institute on Alcohol Abuse and Alcoholism
- \$997,614,000 for the National Institute on Drug Abuse
- \$1,391,114,000 for the National Institute of Mental Health
- \$482,372,000 for the National Human Genome Research Institute
- \$289,300,000 for the National Institute of Biomedical Imaging and Bioengineering
- \$1,186,483,000 for the National Center for Research Resources
- \$117,902,000 for the National Center for Complementary and Alternative Medicine
- \$192,824,000 for the National Center on Minority Health and Health Disparities
- \$65,900,000 for the John E. Fogarty International Center for Advanced Study in the Health Sciences, and
- \$320,035,000 for the National Library of Medicine

SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION

The funding level for the Substance Abuse and Mental Health Services Administration is set at \$3.275 billion for FY04, which represents an amount that is \$62.9 million above last year's appropriation and \$134.7 million below the amount requested by Administration.

CENTER FOR MENTAL HEALTH SERVICES

The Committee provided a total of \$856 million for the Center for Mental Health Services. The amount appropriated is \$21.7 million above Administration's budget request, and \$776,000 less than was appropriated in FY03.

MENTAL HEALTH BLOCK GRANTS

The Committee appropriated \$437 million for mental health performance partnership block grants to the states, which is the same amount as was appropriated in FY03 and \$4.1 million above the Administration's request.

GRANTS TO STATES FOR THE HOMELESS (PATH)

The bill provides \$47.1 million in funding for the grants to the states for the homeless (PATH) program. The amount appropriated is \$3 million under the amount requested by the Administration and \$4 million above last year's appropriation.

CENTER FOR SUBSTANCE ABUSE TREATMENT

The Senate bill provides \$2.1 billion for substance abuse treatment programs. The latter is \$59.8 million more than last year's appropriation, and \$210.8 million below the Administration's request.

SUBSTANCE ABUSE BLOCK GRANTS

The Committee appropriates \$1.8 billion in funding for substance abuse block grants, which is \$50 million above the FY03 funding level, and \$19 million above the Administration's request.

CENTERS FOR MEDICAID AND MEDICARE SERVICES

Grants to States for Medicaid

The Senate Committee appropriates \$125 billion for the federal share for Medicaid, a federal-state entitlement program that provides medical care for eligible low-income individuals and families. The FY 2004 level of funding for such grants is \$13 billion over the amount that was appropriated in FY03, and is the same as the Administration's request. The FY04 amount appropriated excludes \$52 billion in FY 2003 advance appropriations for FY 2004. Of the total provided, \$58.4 billion is provided for the first quarter of FY 2005, as requested by the Administration.

ADMINISTRATION FOR FAMILIES AND CHILDREN

GRANTS TO STATES FOR CHILD SUPPORT ENFORCEMENT AND FAMILY SUPPORT PROGRAMS

The bill appropriates \$3.3 billion for the payments to states for child support enforcement and family support programs. The total provided is \$46.3 million over the amount requested by the Administration, and \$513 million over the amount appropriated last year.

THE LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP)

The Low Income Home Energy Assistance Program (LIHEAP) is funded at \$2 billion. The funding provided for LIHEAP in the Senate bill is \$311.1 million higher than the amount appropriated last year, and the same as the amount requested in the President's FY04 budget proposal. Unlike the FY03 appropriations, the bill does not appropriate funds for the contingency fund, which is used to provide assistance to States adversely affected by extreme heat or cold, significant price increases, or other causes of energy-related emergencies. The Committee report directs that up to \$27.5 million of the total be used for the leveraging incentive fund, which provides a percentage match to States for private or non-Federal public resources allocated to low-income home energy benefits.

REFUGEE AND ENTRANT ASSISTANCE

To subsidize the states for administering the refugee assistance programs, the bill appropriates \$428.1 million, which is \$50 million less than was appropriated in FY03 and \$33.6 million less than the amount requested by the Administration. A large share of federal money allocated for refugee and entrant assistance is typically spent in California.

CHILD CARE AND DEVELOPMENT GRANT

The bill includes a total of \$2.1 billion for the Child Care and Development Grant to supplement state general revenue funds for child care assistance for low-income families. California typically receives slightly more than 12% of these funds. The total is the same amount as that requested by the Administration, though it represents an increase of \$13.4 million over the FY 2003 level.

SOCIAL SERVICES BLOCK GRANT (SSBG)

For the Social Services Block Grant, the Senate bill appropriates \$1.7 billion, which is the same amount that the Administration requested and as was appropriated in FY 2003.

CHILDREN AND FAMILIES SERVICES PROGRAMS

The bill appropriates a total of \$8.8 billion for the Children and Families Services Programs, which is \$134.7 million more than the FY03 appropriation and \$92.6 million over what was requested by the Administration.

HEAD START

The bill provides \$6.8 billion in funding for the Head Start program, which provides comprehensive development services for preschoolers from low-income families. The total appropriated is an increase of \$148 million over the FY03 amount and represents the same amount as was requested by the Administration in its FY04 budget proposal.

COMMUNITY SERVICES

The Senate Committee provides \$717.6 million in funding for community service activities, of which \$645.8 million is appropriated for community services block grants (CSBG), and \$32.5 million in funding for community economic development block grants. The total appropriated is \$16.9 million less than was appropriated in FY 2003, and \$165.3 million more than the Administration's budget request for this program.

PAYMENTS TO STATES FOR FOSTER CARE AND ADOPTION ASSISTANCE

The bill appropriates \$5.1 billion in funding for foster care and adoption assistance payments to the states. This amount represents an increase of \$213 million over the amount allocated for such payments in FY03, and is the same amount as requested by the Bush Administration.

DEPARTMENT OF EDUCATION

The bill appropriates a total of \$55.4 billion for the Department of Education's discretionary programs, a 2.3 billion increase from fiscal year 2003.

The bill proposes to fund Special Education - Grants to States at \$9.9 billion, an increase of \$1 billion from the same amount in 2003.

EDUCATION FOR THE DISADVANTAGED

The bill includes a total of \$14.5 billion for programs under the broad heading of education for the disadvantaged (most of which is the Title I program). This total is \$323 million more than the budget request and \$769 million more than the fiscal year 2003 appropriation.

Title I

The Title I program, which provides aid to states and school districts to help educationally disadvantaged children achieve the same state academic performance standards as other students, is funded at \$12.35 billion, the level requested by President Bush and \$666 million above last year. The Title I program includes four components: basic grants, concentration grants, targeted grants, and education finance incentive grants.

The bill includes \$7.2 billion for Title I Basic Grants, the same level as in 2003. Report language states "The Committee rejects the inclusion of any 100% hold harmless provision because it unfairly penalizes underprivileged and immigrant children in states with growing populations." California has been one of the states hurt by imposition of a Title I 100% hold harmless, which

effectively provides more education funds to states where children in need used to be (slower-growing states) than where they are now (faster-growing states such as California).

Funding for concentration grants, which is similar to the basic grant but targets funds to school districts in counties with high levels of disadvantaged children, would also receive level funding of \$1.356 billion. The bill includes \$3 billion for targeted grants, a sharp increase of \$1.35 billion above the preceding year and the same amount as the budget request. Finally, the bill includes \$793 million for education finance incentive grants, the same as the request and slightly more than half of the 2003 level.

Other Education for the Disadvantaged Programs

The bill provides \$250 million for Even Start, which provides grants for programs focusing on the education of disadvantaged children, age 1–7 years, who live in title I target areas. For Reading First State Grants, the bill provides \$1 billion, to be used to assist states and school districts in establishing reading programs for children in kindergarten through grade three. In addition, the bill provides \$100 million for the Early Reading First competitive grant program.

The bill includes \$396 million (slightly more than last year) for migrant education program formula grants to states to support educational services (including academic education, remedial or compensatory instruction, English for limited English proficient students, testing, and guidance) to children of migratory agricultural workers and fishermen. California receives nearly one third of these funds.

A small increase to a \$16 million total would be provided for the college assistance migrant program (CAMP), which provides tutoring and counseling services to first-year, undergraduate migrant students and assists those students in obtaining student financial aid for their remaining undergraduate years.

Impact Aid

The bill provides \$1.238 billion for federal impact aid programs in FY 2004, an increase of \$50 million above 2003 and \$223 million above the budget request. Impact aid assists school districts whose tax base is eroded by the presence of federal land and other activities.

For basic support payments, the primary impact aid program, the bill includes \$1.073 billion, an increase of \$48 million from 2003 and \$206 million from the budget request. For payments for children with disabilities, the bill includes level funding of \$51 million. For facilities maintenance, the bill proposes level funding of \$7.9 million, and for the impact aid construction program formula grants, the bill proposes level funding of \$44.7 million.

Finally, the bill would provide \$62 million for Impact Aid Payments Related to Federal Property, an increase of \$2.4 million above the fiscal year 2003 appropriation and \$7 million above the budget request. Funds are awarded to school districts to compensate for lost tax revenue as the result of Federal acquisition of real property.

SCHOOL IMPROVEMENT PROGRAMS

The bill would provide \$5.8 billion for the myriad programs under the school improvement heading, and increase of \$85 million from 2003 totals.

Improving Teacher Quality

For state grants for improving teacher quality, the bill proposes \$2.93 billion, an \$81 million increase from the prior year.

Mathematics and Science Partnerships

The bill includes \$150 million for mathematics and science partnerships, an increase of \$137.5 million above the budget request and \$49.7 million above the fiscal year 2003 level. Funds are allocated by formula based in part on poverty.

Innovative Education Program Strategies State Grants

For Innovative Education Program Strategies State Grants, used to obtain technology, training, and materials related to school based reform, the bill includes \$335 million, a reduction of \$47 million from 2003.

Education Technology State Grants

For Education Technology State Grants, the bill proposes level funding of \$696 million.

21st Century Community Learning Centers

For formula grants pursuant to 21st Century Community Learning Centers, the House bill would provide \$1 billion, a \$6.5 million increase from 2003 and \$400 million more than requested in the President's budget.

State Assessments

The bill would provide \$390 million (a \$5.5 million increase) for the state assessments program, which helps states assess school and school district performance.

Education for homeless children and youth

The House bill proposes a \$5.4 million increase to \$60 million for the Education for homeless children and youth program. Funds for the program are based on the formula for the Title I program.

Indian Education

The bill includes level funding of \$122 million for Indian education programs, including \$96.5 million for Indian education grants to local education agencies.

Innovation and Improvement

Within \$808 million (a \$291 million below the 2003 level) for innovation and improvement programs, the bill proposes a reduction to \$20 million for the troops to teachers program. The report states that the reduction is due to a moratorium placed on military retirements due to the conflict in Iraq. The transition to teaching program would be increased \$7.7 million to \$49.4 million, and the charter schools program is slated for a \$21 million increase to \$220 million. (An additional \$75 million would be available under a program providing credit enhancement for charter school facilities.)

The bill would also provide level funding of \$109 million for Magnet schools assistance, and it would reduce funds for the Fund for the improvement of education by \$107 million to \$166 million.

Safe and drug-free schools and communities: State grants

Within \$820 million for safe schools and citizenship education, the bill includes \$469 million for state formula grants for safe and drug-free schools and communities, the same amount as in fiscal year 2003.

In addition, the bill would provide \$23.3 million for State grants for incarcerated youth offenders.

English language acquisition

The House bill proposes level funding of \$685.5 million for English language acquisition, which provides formula grants to states to serve limited English proficient students. Not surprisingly, California receives a large share of the grants, which are based on counts of limited English proficient students and immigrant students.

Special Education - the Individuals with Disabilities Education Act

The bill provides \$11 billion for program for children with disabilities under the Individuals with Disabilities Education Act (IDEA). For IDEA - Grants to States, the bill would provide \$9.874 billion, a \$1 billion increase from FY 2003.

For Preschool Grants under IDEA, the bill proposes nearly level funding of \$390 million. And for IDEA's Grants for Infants and Families, the bill would provide a \$12.8 million increase to \$447 million.

Rehabilitation Services and Disability Research

The bill proposes \$3 billion for Rehabilitation Services and Disability Research, an increase of \$46 million from 2003.

The bulk of these funds are provided to states by formula under vocational rehabilitation State grants, which would receive a \$50.6 million increase to \$2.854 billion for 2004. Within the account is also a migrant and seasonal farmworker account, which would receive level funding of \$2.3 million.

Vocational and Adult Education

The House bill proposes \$2.1 billion for vocational and adult education, a reduction of \$11.8 million from 2003 levels. The vocational education basic grant would receive level funding of \$1.2 million under the bill, whereas the adult education formula grant program would receive a \$13 million increase to \$584 million.

Report language states that the House bill "retains language similar to that contained in last year's bill that guarantees a portion of the funds will be used to provide civics education services to new immigrants."

Student Financial Assistance

The bill proposes spending of \$14.2 billion for student financial assistance, an increase of \$884 million from 2003 levels.

Pell Grants

The House bill would retain the current \$4,050 maximum Pell Grant level, with \$12.25 billion in funding for the program.

Federal Supplemental Educational Opportunity Grants

The bill would provide \$760 million in Federal Supplemental Educational Opportunity Grants (SEOG), the same amount as in 2003

Work-Study

Federally-supported work study would be level funded at \$1 billion.

LEAP

The bill includes \$66.6 million for matching funds for the leveraging educational assistance partnership (LEAP) program, the same amount as in the previous year.

Higher Education, including TRIO and GEAR UP

The House bill provides nearly \$2 billion for higher education programs, a reduction of \$107 million below the FY 2003 level. Included are \$81.4 million for the strengthening institutions program, and \$93.6 million for the Hispanic serving institutions program (an increase of \$1.1 million from 2003.

The TRIO program, which provides outreach and support for serving low-income and first-generation college students, would receive a \$7.9 million increase to \$835 million.

The GEAR UP program would receive a \$6.9 million increase to \$300 million.