

## **Appendix C: Federal Program Descriptions**

## Federal Program Descriptions

The federal programs analyzed in the report are summarized below. Additional information, such as the formulas used to allocate funds to states, is available from the General Accounting Office report.<sup>1</sup> The total effect on the eight federal programs analyzed appears in Table D-1 in Appendix D.

### *1. Adoption Assistance*

The Adoption Assistance program supports the adoption of children with special needs. Specifically, the program provides maintenance payments to the families adopting the qualifying children, payments to state agencies for the administrative costs involved with placing the children in adoptive homes, and payments for training professional staff and parents involved in the adoptions. States determine which children qualify for the assistance; in general, children with special circumstances that make their adoption less likely, such as a mental or physical handicap, are eligible for the program.

The federal government provides a specified percentage of the payments made to the qualifying families, and states provide the remainder. Administrative and training expenses are matched at the same rate in all states (50 percent and 75 percent, respectively). The federal government reimburses maintenance payments based on a state-specific percentage that depends on each state's per capita income. This percentage, the Federal medical assistance percentage (FMAP), ranges from 50 percent to 83 percent and also determines reimbursement rates under the Medicaid program.

To calculate the effect of the 2000 undercount on the Adoption Assistance funding received by each state, the FMAP for each state was calculated using adjusted and unadjusted per capita income, which relied on adjusted and unadjusted population counts. Adjusted and unadjusted funding levels by state were produced by calculating the product of the FMAP (adjusted or unadjusted) and the maintenance payments.<sup>2</sup> Table D-2 in Appendix D summarizes the estimated effect of the Census 2000 undercount on this program.

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<sup>1</sup> General Accounting Office, *Formula Grants: Effects of Adjusted Population Counts on Federal Funding to States*, GAO/HEHS-99-69, February 1999. The formula used to allocate the Vocational Education differs slightly from that presented in the GAO report. See the listing for the program in the *Catalog of Federal Domestic Assistance* (CFDA# 84.048).

<sup>2</sup> Administrative and training expenses would not be affected by the undercount since those expenses are matched at rates that do not depend on population counts.

## *2. Child Care and Development Fund Discretionary Funds (formerly the Child Care and Development Block Grant)*

This program provides funding to assist low-income families with child care and to improve the availability and quality of child care. States establish programs with the funds subject to certain Federal restrictions. For instance, to qualify for services under the program, children must be from families that earn less than 85 percent of the state median income.

The program allocates funding amounts to states based on a formula that includes the state population under 5 years old, the number of children qualifying for the School Lunch program, and the state per capita income. To calculate the effect of the 2000 undercount on the funding received by each state, adjusted and unadjusted population (under 5 and overall) figures were used in the formula to calculate adjusted and unadjusted state shares. Multiplying these shares by the total funding level for the program yielded the adjusted and unadjusted state funding levels. Table D-3 in Appendix D summarizes the estimated effect of the Census 2000 undercount on this program.

## *3. Foster Care*

The Foster Care program supports families and facilities that provide homes to needy foster children. The program provides funding for maintenance payments to the homes hosting the children, payments to the state agencies for administrative costs, and payments to state and local agencies for training expenses. Any foster child that would have qualified for the Aid to Families with Dependent Children (AFDC) program, as in effect in 1995, qualifies for Foster Care payments, which are made to the foster care family home, private child care facility, or public child care institution (with more than 25 people). The maintenance payments are intended to cover the costs associated with raising a child, such as expenses for food, shelter, and supervision.

Similar to the Adoption Assistance program, administrative and training expenses are matched at the same rate in all states (50 percent and 75 percent, respectively). The federal government reimburses maintenance payments based on the FMAP.

To calculate the effect of the 2000 undercount on the Foster Care funding received by each state, the FMAP for each state was calculated using adjusted and unadjusted per capita income, which relied on adjusted and unadjusted population counts. Adjusted and unadjusted funding levels by state were produced by calculating the product of the FMAP (adjusted or unadjusted) and the maintenance payments. Table D-4 in Appendix D summarizes the estimated effect of the Census 2000 undercount on this program.

#### *4. Medicaid*

The Medicaid program provides medical assistance to certain low-income individuals. States design and administer their own programs, subject to Federal regulations, and receive reimbursements from the Federal government for their expenses. In general, low-income children and pregnant women, adults in families with dependent children, low-income persons with disabilities, and low-income elderly persons qualify for the program. The program covers expenses for medical assistance such as inpatient and outpatient hospital care, laboratory and x-ray services, and physician services.

Administrative expenses, amounts for family planning, and amounts paid to Indian Health Services facilities are matched at the same rate in all states (50 percent, 90 percent, and 75 percent, respectively). Medical assistance payments (i.e., payments for care) are matched based on the FMAP.

To calculate the effect of the 2000 undercount on the Foster Care funding received by each state, the FMAP for each state was calculated using adjusted and unadjusted per capita income, which relied on adjusted and unadjusted population counts. Adjusted and unadjusted funding levels by state were produced by calculating the product of the FMAP (adjusted or unadjusted) and the medical assistance payments. Table D-5 in Appendix D summarizes the estimated effect of the Census 2000 undercount on this program.

#### *5. Rehabilitation Services, Basic Grants*

This program provides vocational rehabilitation to disabled individuals and their families. Specifically, individuals with physical or mental impairments receive services such as reader services for the blind, interpreter services for the deaf, prosthetic devices, job placement, and transportation to vocational rehabilitation facilities. States administer independent programs, subject to Federal guidelines, and receive grants annually from the Federal government.

The program allocates funding to states based on a formula that considers the amount received by the state in 1978, state population, and per capita income. To calculate the effect of the 2000 undercount, state shares were calculated using adjusted and unadjusted state and national population figures. Adjusted and unadjusted state funding levels were calculated by multiplying the state shares (adjusted and unadjusted) by the total funding for the program. States are guaranteed to receive at least one-third of one percent of the total appropriation; state funding levels (adjusted and unadjusted) were adjusted to conform to this restriction. Table D-6 in Appendix D summarizes the estimated effect of the Census 2000 undercount on this program.

## 6. *Social Services Block Grant*

This program provides grants to states for providing social services. States determine the use of the funds at their own discretion but must use the funds towards one of five goals: (1) to prevent, reduce, or eliminate dependency; (2) to achieve or maintain self-sufficiency; (3) to prevent neglect, abuse, or exploitation of children and adults; (4) to prevent or reduce inappropriate institutional care; and (5) to secure admission or referral for institutional care when other forms of care are inappropriate.<sup>3</sup> In the past, states have used the funds for child day care, protective and emergency services for children and adults, adoption, foster care, and counseling.

States receive allotments under the program based on a formula that relies on the state's share of the national population. To calculate the effect of the 2000 undercount, state shares were calculated using adjusted and unadjusted state and national population figures. Adjusted and unadjusted state funding levels were calculated by multiplying the state shares (adjusted and unadjusted) by the total funding for the program. Table D-7 in Appendix D summarizes the estimated effect of the Census 2000 undercount on this program.

## 7. *Substance Abuse Prevention and Treatment Block Grant*

This program provides grants to states for the prevention and treatment of drug and alcohol abuse. Subject to certain federal restrictions, states design and implement programs to reduce drug and alcohol abuse and provide rehabilitation to individuals with drug and alcohol problems.

States receive allocations under the program based on a formula that depends on the population aged 18 to 24, population aged 25 to 64, urban population aged 18 to 24, per capita income, and a cost index. The cost index, which is recalculated every three years, consists of a wage component and a measure of average rental prices for housing.

To calculate the effect of the 2000 undercount, state shares were calculated using adjusted and unadjusted state and national population figures (the cost index and urban share of population were assumed to remain constant). Adjusted and unadjusted state funding levels were calculated by multiplying the state shares (adjusted and unadjusted) by the total funding for the program. After the calculation of these funding levels, additional adjustments were made to guarantee that each state received a minimum share of the increase in the national funding level and a minimum share of the national funding level, as is standard practice under current

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<sup>3</sup> As described in the *Catalog of Federal Domestic Assistance* (CFDA), General Services Administration.

law.<sup>4</sup> Table D-8 in Appendix D summarizes the estimated effect of the Census 2000 undercount on this program.

### *8. Vocational Education*

This program provides grants to states for vocational education programs for youths and adults. State programs offer courses to prepare individuals for employment in occupations not requiring a baccalaureate or an advanced degree. States use the funds provided by this program for a variety of activities, including purchasing occupationally-relevant equipment and curriculum materials, providing career counseling and guidance, hiring staff, and offering remedial classes.

The formula used to allot the funding amount to states depends on the population aged 15 to 19, population aged 20 to 24, population aged 25 to 65, and per capita income. To calculate the effect of the 2000 undercount, state shares were calculated using adjusted and unadjusted state and national population figures. Adjusted and unadjusted state funding levels were calculated by multiplying the state shares (adjusted and unadjusted) by the total funding for the program. Current law contains a “hold-harmless” provision to guarantee that the amount a state receives in the current year always exceeds the amount received in the prior year (assuming the national funding level rises). State funding levels were adjusted to ensure that this provision was satisfied. Table D-9 in Appendix D summarizes the estimated effect of the Census 2000 undercount on this program.

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<sup>4</sup> Specifically, the guaranteed increases used for 1999 funding levels have been used for future years. The actual rules governing minimum increases and shares of the national total have varied by year; we have assumed the 1999 rules continue to apply since newer rules are unavailable.