



TO: ASTHVI Members
DATE: October 20, 2022
RE: House Reauthorization Formula, MOE and Match, *revised*

The House Ways and Means Committee unanimously passed the *Jackie Walorski Maternal and Child Home Visiting Reauthorization Act* which provides for a five-year reauthorization of the Maternal, Infant and Early Childhood Home Visiting (MIECHV) program. The legislation retains the core elements of evidence-based policy while making some significant updates and changes, including, for the first time, legislating a formula for distributing state home visiting funds and requiring a state match to draw down funds. The purpose of this memo is to outline ASTHVI's understanding of how the formula, MOE and match would operate if the legislation were to go into effect.

Note: this memo has been updated to correct the description of how sequester cuts are managed. Under the legislation, the sequester cut would be applied equally to the pots of funding for base grants and matching funds.

Formula:

MIECHV funding has been held constant at \$400 million (before sequester) for almost a decade. The American Rescue Plan added one-time funding of \$150 million to that base. The bill creates a clear and predictable funding stream that allows states to know and plan for their projected available funds each year through the end of the five-year reauthorization. Under the funding formula in the legislation, every state receives an increased base relative to its current base MIECHV grant in FY 2023. Distribution of funding increases over the subsequent four years is driven by the number of poor children under the age of 5 in each state, resulting in larger increases for more populous states.

Current distribution of MIECHV state funding is heavily influenced by early, large competitive grants awarded to states with well-developed home visiting infrastructure. In subsequent years, across three Administrations, HHS has worked to adjust state grants to better reflect the number of poor young children in states, with guardrails to prevent excessive year-to-year changes. The Ways and Means Committee has pointed out that as a result of this ongoing adjustment, although federal funding was constant between fiscal years 2021 and 2022, 15 state and territorial eligible entities saw increased funding and 41 saw cuts to their base grants.

The reauthorization legislation legislates the funding formula for the first time, increasing the base grants for every state (including those which have been experiencing ongoing reductions). With \$500 million in the bill's base grant year, and a doubling of the set-aside for Tribal home visiting, it would not be possible to keep all states whole relative to their base grant plus ARP funding (a total of \$550 million nationally). Some states face significant reductions in their federal support for home visiting when the combination of MIECHV base grant and ARPA one-time funds is considered.

Maintenance of Effort

To be eligible for and draw down federal MIECHV funds, states must maintain their own investments in home visiting. The bill codifies multiple policies important to states that create stability, improve visibility and planning, and facilitate ability to satisfy the new match requirement (discussed in greater detail further below):

- The definition of MOE is unchanged from current HRSA policy.
- MOE is established at 2019 or 2021 levels, whichever is lower, and held constant through the five years of the reauthorization.
- Only funds invested in home visiting through the state agency that administers the MIECHV grant (and are therefore under the control of that agency) are counted towards MOE.
- MOE is determined at the state level, not the community level. States may move their home visiting funds from one community to another as long as the overall investment in home visiting is not reduced.

Match

In 2017, the House Majority's reauthorization proposal included a dollar-for-dollar match requirement for state MIECHV funds, which was rejected in the final reauthorization legislation. Instituting a match for home visiting funding remained a high priority for the now-House Minority in these reauthorization discussions, and the bill includes a 25% match for all states for MIECHV funding beyond the base grants (\$1 in state funds draws down \$3 in federal MIECHV funds). No match is proposed for Tribal home visiting grants.

No state is enthusiastic about a new match requirement, and administrators from some fiscally conservative states have indicated that their agencies may be unable to draw down the matching funds for which they are eligible. The bill includes multiple provisions to make it easier for states to plan for, and potentially draw down, matching funds:

- No match is required for the base year grant in FY 2023.

- Half of any future sequester is deducted from matching funds, helping to preserve the state base grants, which do not require a match, and creating greater stability and predictability in base MIECHV awards.
- State decisionmakers can know and plan for the amount of federal funds available to them over the course of the five-year reauthorization and the state match required to access them.
- Investments in MIECHV-eligible home visiting can “count” as match regardless of the state agency that administers them.
- For purposes of the match, “non-federal funds” includes state appropriations, local government funds, and private entity contributions to MIECHV-eligible home visiting.
- States unable to identify sufficient non-federal matching funds to draw down their full federal matched grant amounts will be able to draw down an amount of federal matched funds proportionate to the non-federal matching funds they identify.
- MIECHV-eligible home visiting programs supported with non-federal funds will NOT be required to follow MIECHV program and reporting requirements in order to count as match. States will need to report the dollar amount of matching funds; document that the funds are being spent on MIECHV-eligible intensive, ongoing home visiting (or infrastructure/recruitment and referral activities, consistent with the percentage limitations in the MIECHV statute); and may be required by HRSA to provide additional, high-level information about home visiting programs supported by matching funds such as the number of children and families served.