



# **Maintenance of Effort for Federal Grants**

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**As Required by  
2024-25 General Appropriations  
Act, House Bill 1, 88th Legislature,  
Regular Session, 2023 (Article II  
Special Provisions Related to All  
Health and Human Services  
Agencies, Section 24)**

**Health and Human Services  
Commission**

**April 2024**



**TEXAS**  
Health and Human  
Services

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# 1. Background

## Purpose

Pursuant to 2024-25 General Appropriations Act, Article II, Special Provisions Section 24, Health and Human Services Commission (HHSC) is required to submit the following information to the Legislative Budget Board by October 1 and April 1 of each year for each federal grant received by the agency that has Maintenance of Effort (MOE) requirement:

- a) The current amount of the MOE requirement for the grant
- b) The time period of which the current MOE requirement applies
- c) Total expenditures made towards meeting the current MOE requirement
- d) The time period for which current expenditures will impact future MOE requirements
- e) Projections of future MOE requirements based on current spending; and
- f) If the agency projects the current MOE requirement will not be fulfilled, a narrative explanation of why and the impact of not doing so, including any projected loss of federal funding

## Maintenance of Effort

This report contains the MOE information for each federal grant received by HHSC as of March 2024. MOE requirements mandate a level of financial effort a state must maintain for activities related to a specified public service (usually closely related to the grant program's purpose). Under a maintenance of effort provision, a State is required, as a condition of eligibility for Federal funding, to maintain its financial contribution to a program at not less than the amount of its contribution for some prior time period. A maintenance of effort formula ensures that Federal assistance results in an increased level of program activity and that a State does not simply replace State dollars with Federal dollars over time. For certain federal grants, HHSC has expended or projects to expend amounts above the assumed MOE requirement. Expenditures are impacted by appropriations made by the Legislature and may increase above the MOE requirement when additional funding is provided for programs or activities that are closely tied to the grant program's purposes.

## **Current and Future MOE**

For this report, the most recent federal fiscal year with actual expenditures is deemed the current MOE year, and federal fiscal years with actual and/or projected expenditures are deemed future MOE years. Projected expenditures for future MOE years are not final and are subject to change.

## 2. Summary Table

HSC receives the following federal grant programs that have an MOE requirement in the table below.

Assistance Listing	Description	Current MOE Year	MOE Requirement Current Amount	Total Expenditures towards Current Amount	Total Expenditures Over/(Under) MOE Requirement
84.181	Special Education Grants for Infants and Toddlers (IDEA-C)	2023	\$ 62,676,441	\$ 64,762,881	\$ 2,086,440
93.043 93.044 93.045 93.052	Aging Cluster Grants <sup>1</sup>	2022	\$ 4,782,161	\$ 5,563,288	\$ 781,127
93.558	Temporary Assistance for Needy Families (TANF)	2023	\$ 385,040,505	\$ 385,040,505	\$ -
93.958	Block Grants for Community Mental Health (MHBG)	2021	\$ 509,829,372	\$ 549,554,070	\$ 39,724,698
93.959	Block Grants for Prevention and Treatment of Substance Abuse (SABG)	2021	\$ 26,108,307	\$ 12,018,943	(\$ 14,089,364)

<sup>1</sup> 93.043 – Disease Prevention and Health Promotions, 93.044 – Grants for Supportive Services, 93.045 – Nutrition Services, 93.052 – National Family Caregiver Program

## 3. By Fund Source

### 84.181 Special Education Grants for Infants & Families with Disabilities

#### Current MOE

The current Federal Fiscal Year (FFY) 2023 MOE amount for Special Education Grants for Infants & Families with Disabilities (IDEA Part C, ECI) is \$62,676,441. This requirement amount was calculated based on two years prior, not one year prior. Per 34 CFR § 303.225, the MOE must be at least equal to, "the total amount of State and local funds actually expended for ECI services...in the most recent preceding fiscal year". As with most providers, revenues and reimbursements are not settled for two years in ECI, therefore the first year we can look at actual expenditures (that will not change) is two years prior. State funding must be expended at or above the FFY 2023 MOE amount between July 1, 2022 and September 30, 2023.

HHSC expects to meet the FFY 2023 MOE requirements for IDEA Part C. As of March 2024, HHSC has \$64,762,881 in actual expenditures associated to the IDEA Part C MOE for FY 2023. These expenditures will be used to calculate the FFY 2024 IDEA Part C MOE amount required between July 1, 2023 and September 30, 2024.

#### Future MOE

The future FFY 2024 MOE for IDEA Part C is estimated as \$62,648,723. This amount was based on HHSC's FFY 2023 MOE expended amount. State funding must be expended at or above the FFY 2024 MOE amount between July 1, 2023 and September 30, 2024.

HHSC expects to meet the FFY 2024 MOE requirements for IDEA Part C. HHSC has \$92,913,517 in projected expenditures associated to the IDEA Part C MOE for FY 2024.

## MOE Table

Strategy	Method of Finance (MOF)	FY 2021	FY 2022	FY2023	FY2024
D.1.3. ECI Services	GR for ECI No. 8086	\$ 26,493,164	\$ 25,129,844	\$ 22,565,030	\$ 50,653,921
	GR Certified as Match for Medicaid No. 8032	\$ 5,960,440	\$ 5,501,866	\$ 6,698,941	\$ 6,190,217
	GR Match for Medicaid No. 0758	\$ 13,174,735	\$ 14,968,911	\$ 18,450,808	\$ 19,021,278
	Foundation School Funds (IAC) No. 8015	\$ 16,498,102	\$ 16,498,102	\$ 16,498,102	\$ 16,498,102
D.1.4. – ECI Respite & Quality Assurance	GR Match for Medicaid No. 0758	\$ 550,000	\$ 550,000	\$ 550,000	\$ 550,000
Total Expenditures		\$ 62,676,441	\$ 62,648,723	\$ 64,762,881	\$ 92,913,517
Federal Fiscal Year MOE Requirement		\$ 46,813,164	\$ 62,648,363	\$ 62,676,441	\$ 62,648,723
OVER/(Under) MOE		\$ 15,863,277	\$ 360	\$ 2,086,440	\$ 30,264,794

## **93.043, 93.044, 93.045, 93.052 Aging Cluster Grants<sup>2</sup>**

### **Current MOE**

The current FFY 2022 MOE amount for the aging cluster grants is \$4,782,161. This requirement amount was calculated by averaging the amount HHSC expended for FFY 2019, 2020, and 2021. States must maintain the average amount of state funds it spent under the plan for the three previous fiscal years<sup>3</sup>. State funding must be expended at or above the FFY 2022 MOE amount between October 1, 2021 and September 30, 2022.

HHSC expects to meet the FFY 2022 MOE requirements for the aging cluster grants. As of September 2022, HHSC has \$5,563,288 in actual expenditures associated to MOE for FFY 2022.

### **Future MOE**

The future FFY 2023 MOE for the aging cluster grants is estimated as \$4,782,161. This amount is calculated by averaging the amounts HHSC expended for FFYs 2020, 2021, and 2022. State funding must be expended at or above the FFY 2023 MOE amount between October 1, 2022 and September 30, 2023.

HHSC expects to meet the FFY 2023 MOE requirements for the aging cluster grants. HHSC has \$5,563,288 in projected expenditures associated to the aging cluster grants' MOE for FFY 2023.

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<sup>2</sup> 93.043 – Disease Prevention and Health Promotions, 93.044 – Grants for Supportive Services, 93.045 – Nutrition Services, 93.052 – National Family Caregiver Program

<sup>3</sup> 45 CFR Section 1321.49



## MOE Table

Strategy	MOF	FY 2021	FY2022	FY2023 (Estimated)	FY2024 (Estimated)
F.1.2. Non-Medicaid Services	GR Match for Federal Funds (OAA) No. 8004	\$ 880,791	\$ 880,791	\$ 880,791	\$ 880,791
I.2.1. Long-Term Care Intake & Access	General Revenue	\$ 4,182,668	\$ 4,682,497	\$ 4,682,497	\$ 4,682,497
Total Expenditures		\$ 5,063,459	\$ 5,563,288	\$ 5,563,288	\$ 5,563,288
Federal Fiscal Year MOE Requirement		\$ 4,762,197	\$ 4,782,161	\$ 4,782,161	\$ 4,782,161
OVER/(Under) MOE		\$ 301,262	\$ 781,127	\$ 781,127	\$ 781,127

## **93.558 Temporary Assistance for Needy Families**

### **Current MOE**

The current FFY 2023 MOE amount for TANF is \$385,040,505. This requirement amount was calculated based on historical expenditures. States must maintain effort no less than 75% of FFY 1994 contribution to Aid to Families with Dependent Children (AFDC)-related programs. AFDC was a previous federal assistance program which was replaced by Temporary Assistance for Needy Families. States must maintain no less than 80% if a state fails to meet work participation requirements and 100%, excluding childcare expenditures, if a state receives contingency funds.<sup>4</sup> The Federal match for Contingency Funds is based on the State's applicable FMAP for the fiscal year for which funds were awarded. State funding must be expended at or above the FFY 2023 MOE amount between October 1, 2022 and September 30, 2023.

HHSC met the FFY 2023 MOE requirements for TANF. As of March 2024, HHSC has \$385,040,505 in actual expenditures associated to MOE for FFY 2023.

### **Future MOE**

The future FFY 2024 MOE for TANF is estimated as \$388,372,608. This MOE amount calculation is again based on FFY 1994 figures. State funding must be expended at or above the FFY 2024 MOE amount between October 1, 2023 and September 30, 2024.

HHSC expects to meet the FFY 2024 MOE requirements for TANF. HHSC has \$388,372,608 in projected expenditures associated to TANF MOE for FY 2024.

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<sup>4</sup> 42 US Code Section 609 (a)(7)

## MOE Table

Strategy / Agency	MOF	FY 2021	FY 2022	FY2023	FY2024
E.1.1. TANF Grants	General Revenue	\$ 35,040,154	\$ 19,427,970	\$ 17,116,563	\$ 18,664,934
Texas Education Agency	General Revenue	\$ 325,879,048	\$ 343,639,724	\$ 359,094,590	\$ 360,878,322
Texas Workforce Commission	General Revenue	\$ 8,829,351	\$ 8,829,352	\$ 8,829,352	\$ 8,829,352
Total Expenditures		\$ 369,748,553	\$ 371,897,046	\$ 385,040,505	\$ 388,372,608
Federal Fiscal Year MOE Requirement		\$ 369,748,553	\$ 371,897,046	\$ 385,040,505	\$ 388,372,608
OVER/(Under) MOE		\$ -	\$ -	\$ -	\$ -

## **93.958 Block Grants for Community Mental Health**

### **Current MOE**

The current FFY 2021 MOE amount for Block Grants for Community Mental Health (MHBG) is \$509,829,372. This requirement amount was calculated by averaging the MOE amounts for FFYs 2019 and 2020. States must maintain spending at the average of the state funded amount provided annually during the previous two years<sup>5</sup>. State funding must be expended at or above the FFY 2021 MOE amount between October 1, 2020 and September 30, 2021.

HHSC met the FFY 2021 MOE requirements for MHBG. As of March 2024, HHSC has \$549,554,070 in actual expenditures associated to MOE for FFY 2021.

### **Future MOE**

The future FFY 2022 MOE for MHBG is estimated as \$536,098,063. This MOE amount was calculated by averaging the MOE amounts for FFYs 2020 and 2021. State funding must be expended at or above the FFY 2022 MOE amount between October 1, 2021 and September 30, 2022.

HHSC expects to meet the FFY 2022 MOE requirements for MHBG. HHSC has \$542,523,230 in projected expenditures associated to MHBG MOE for FFY 2022.

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<sup>5</sup> 42 US Code Section 300x-4 (b)

## MOE Table

Strategy	MOF	FY 2021	FY 2022	FY2023	FY2024
D.2.1. Community Mental Health Services- Adults	General Revenue	\$ 136,619,978	\$ 308,949,268	\$ 307,860,987	\$ 317,682,609
	GR for MHBG No. 8001	\$ 170,926,049	\$ -	\$ -	\$ -
D.2.2. Community Mental Health Services- Children	General Revenue	\$ 18,007,826	\$ 60,754,950	\$ 62,091,298	\$ 79,671,601
	GR for MHBG No. 8001	\$ 40,174,520	\$ -	\$ -	\$ -
D.2.3. Community Mental Health Crisis Services	General Revenue	\$ 99,386,745	\$ 107,010,578	\$ 109,229,597	\$ 142,125,237
	GR for MHBG No. 8001	\$ 78,563,147	\$ -	\$ -	\$ -
D.2.5. Behavioral Health Waiver & Amendment	General Revenue	\$ 5,875,805	\$ 5,825,531	\$ 5,481,378	\$ 2,934,362
D.2.6. Community Mental Health Grant Programs	General Revenue	\$ -	\$ 59,982,903	\$ 72,648,507	\$ 93,688,079
Total Expenditures		\$ 49,554,070	\$ 542,523,230	\$ 557,311,767	\$ 636,101,888
Federal Fiscal Year MOE Requirement		\$ 509,829,372	\$ 536,098,063	\$ 546,038,650	\$ 549,917,498
OVER/(Under) MOE		\$ 39,724,698	\$ 6,425,167	\$ 11,273,117	\$ 86,184,390

## **93.959 Block Grants for Prevention and Treatment of Substance Abuse**

### **Current MOE**

The current FFY 2021 MOE amount for Block Grants for Prevention and Treatment of Substance Abuse (SABG) is \$26,108,307. This requirement amount was calculated by averaging HHSC's MOE expended amounts for FFYs 2019 and 2020. States must maintain spending at the average of the state funded amount provided annually during the previous two years<sup>6</sup>. State funding must be expended at or above the FFY 2021 MOE amount between October 1, 2020 and September 30, 2021.

Due to the impact of COVID-19 on substance use provider spending, HHSC was not able to meet the MOE expenditure requirement for the FFY 2021 award. The reduction in SABG-MOE expenditures was not due to a decrease in demand, but a result of the COVID-19 pandemic and its impact on functional provider capacity. The COVID-19 pandemic necessitated substance use disorder providers taking public health actions to continue serving Texans, leading to a reduction in expenditures for residential services and inpatient services as clients were temporarily shifted to outpatient and telehealth services, which are generally less expensive than residential and inpatient services. HHSC applied for but has yet to receive an MOE waiver from the Substance Abuse and Mental Health Services Administration (SAMHSA). As of March 2024, HHSC has \$12,018,943 in actual expenditures associated to MOE for FFY 2021.

### **Future MOE**

The future FFY 2022 MOE for SABG is estimated as \$12,754,251. This MOE requirement amount is calculated by averaging HHSC's expended MOE amounts for FFYs 2019 and 2020. State funding must be expended at or above the FFY 2021 MOE amount between October 1, 2020 and September 30, 2021.

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<sup>6</sup> 42 US Code Section 300x-30(a)

## MOE Table

Strategy / Agency	MOF	FY 2021	FY 2022	FY2023	FY2024
4.2.4. Substance Abuse Services	General Revenue	\$ -	\$ 40,078,897	\$ 48,409,669	\$ 45,669,874
	GR for SABG No. 8002	\$ 12,018,943	\$ -	\$ -	\$ -
Total Expenditures		\$ 12,018,943	\$ 40,078,897	\$ 48,409,669	\$ 45,669,874
Federal Fiscal Year MOE Requirement		\$ 26,108,307	\$ 12,754,251	\$ 26,048,920	\$ 44,244,283
OVER/(Under) MOE		\$ (14,089,364)	\$ 27,324,647	\$ 22,360,749	\$ 1,425,591

## List of Acronyms

Acronym	Full Name
<b>AFDC</b>	Aid to Families with Dependent Children
<b>COVID-19</b>	Coronavirus Disease 2019
<b>ECI</b>	Early Childhood Intervention
<b>FY</b>	Fiscal Year
<b>GR</b>	General Revenue
<b>IAC</b>	Interagency Cooperation Contract
<b>IDEA</b>	Individuals with Disabilities Education Act
<b>IDEA-C</b>	Individuals with Disabilities Education Act, Part C
<b>HHSC</b>	Health and Human Services Commission
<b>MHBG</b>	Block Grants for Community Mental Health
<b>MOE</b>	Maintenance of Effort
<b>MOF</b>	Method of Finance
<b>OAA</b>	Older Americans Act
<b>SABG</b>	Block Grants for Prevention and Treatment of Substance Abuse
<b>SAMHSA</b>	Substance Abuse and Mental Health Services Administration
<b>TANF</b>	Temporary Assistance for Needy Families