



Reporting of Maintenance of Effort for Federal Grants

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**

October 2023



TEXAS
Health and Human
Services

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1. Background

Purpose

Pursuant to the 2024-25 General Appropriations Act, House Bill 1, 88th Legislature, Regular Session, 2023 (Article II, Special Provisions Relating to All Health and Human Services Agencies, Section 24), the Texas 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:

- (1) The current amount of the MOE requirement for the grant;
- (2) The time period of which the current MOE requirement applies;
- (3) Total expenditures made towards meeting the current MOE requirement;
- (4) The time period for which current expenditures will impact future MOE requirements;
- (5) Projection of future MOE requirements based on current spending; and
- (6) 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 September 2023. 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 current MOE year, and federal fiscal years with actual and/or projected expenditures are deemed as future MOE years. Projected expenditures for future MOE years are not final and are subject to change.

2. Summary Table

HHSC 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)	2021	\$ 46,813,164	\$ 62,676,441	\$ 15,863,277
93.043 93.044 93.045 93.052	Aging Cluster Grants ¹	2022	\$ 4,782,161	\$ 5,563,288	\$ 781,127
93.558	Temporary Assistance for Needy Families (TANF)	2023	\$ 385,040,505	\$ 385,040,505	\$ 0
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)

¹ 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) 2021 MOE amount for Special Education Grants for Infants & Families with Disabilities (IDEA Part C, ECI) is \$46,813,164. 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 actual expenditures can be used (that will not change) is two years prior. State funding must be expended at or above the federal fiscal year 2021 MOE amount between July 1, 2020 and September 30, 2021.

HHSC expects to meet the federal fiscal year 2021 MOE requirements for IDEA Part C. As of September 2023, HHSC has \$62,676,441 in actual expenditures associated to the IDEA Part C MOE for fiscal year 2021. These expenditures will be used to calculate the federal fiscal year 2023 IDEA Part C MOE amount required between July 1, 2022 and September 30, 2023.

Future MOE

The future federal fiscal year 2022 MOE for IDEA Part C is estimated as \$62,648,363. This amount was based on HHSC's federal fiscal year 2020 MOE expended amount. State funding must be expended at or above the federal fiscal year 2022 MOE amount between July 1, 2021 and September 30, 2022.

HHSC expects to meet the federal fiscal year 2022 MOE requirements for IDEA Part C. HHSC has \$62,648,723 in projected expenditures associated to the IDEA Part C MOE for fiscal year 2022.

MOE Table

Strategy	Method of Finance (MOF)	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
D.1.3. ECI Services	GR for ECI No. 8086	\$ 24,530,939	\$ 26,493,164	\$ 25,129,844	\$ 24,604,445	\$ 49,448,109
	GR Certified as Match for Medicaid No. 8032	\$ 4,977,768	\$ 5,960,440	\$ 5,501,866	\$ 5,161,419	\$ 6,116,077
	GR Match for Medicaid No. 0758	\$ 16,091,554	\$ 13,174,735	\$ 14,968,911	\$ 17,948,916	\$ 20,301,229
	Foundation School Funds (IAC) No. 8015	\$ 16,498,102	\$ 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	\$ 550,000
Total Expenditures		\$ 62,648,363	\$ 62,676,441	\$ 62,648,723	\$ 64,762,881	\$ 92,913,517
Federal Fiscal Year MOE Requirement		\$ 49,011,639	\$ 46,813,164	\$ 62,648,363	\$ 62,676,441	\$ 62,648,723
OVER/(Under) MOE		\$ 13,636,724	\$ 15,863,277	\$ 360	\$ 2,086,440	\$ 30,264,794

93.043, 93.044, 93.045, 93.052 Aging Cluster Grants²

Current MOE

The current federal fiscal year 2022 MOE amount for the aging cluster grants is \$4,782,161. This requirement amount was calculated by averaging the amount HHSC expended for federal fiscal year 2019, 2020, and 2021. States must maintain average amount of state funds they spend under the plan for the three previous fiscal years³. State funding must be expended at or above the federal fiscal year 2022 MOE amount between October 1, 2023 and September 30, 2022.

HHSC expects to meet the federal fiscal year 2022 MOE requirements for the aging cluster grants. As of September 2023, HHSC has \$5,563,288 in actual expenditures associated to MOE for federal fiscal year 2022.

Future MOE

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

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

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

³ 45 CFR Section 1321.49

MOE Table

Strategy	MOF	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
F.1.2. Non-Medicaid Services	GR Match for Federal Funds (OAA) No. 8004	\$ 880,791	\$ 880,791	\$ 880,791	\$ 880,791	\$ 880,791
I.2.1. Long-Term Care Intake & Access	General Revenue	\$ 4,125,704	\$ 4,182,668	\$ 4,682,497	\$ 4,682,497	\$ 4,682,497
Total Expenditures		\$ 5,006,495	\$ 5,063,459	\$ 5,563,288	\$ 5,563,288	\$ 5,563,288
Federal Fiscal Year MOE Requirement		\$ 4,394,592	\$ 4,762,197	\$ 4,782,161	\$ 4,782,161	\$ 4,782,161
OVER/(Under) MOE		\$ 611,903	\$ 301,262	\$ 781,127	\$ 781,127	\$ 781,127

93.558 Temporary Assistance for Needy Families

Current MOE

The current federal fiscal year 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 percent of federal fiscal year 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 percent if a state fails to meet work participation requirements and 100 percent, excluding childcare expenditures, if a state receives contingency funds⁴. 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 federal fiscal year 2023 MOE amount between October 1, 2022 and September 30, 2023.

HHSC expects to meet the federal fiscal year 2023 MOE requirements for TANF. As of September 2023, HHSC has \$385,040,505 in actual expenditures associated to MOE for federal fiscal year 2023.

Future MOE

The future federal fiscal year 2024 MOE for TANF is estimated as \$386,886,151. This MOE amount calculation is again based on federal fiscal year 1994 figures. State funding must be expended at or above the federal fiscal year 2024 MOE amount between October 1, 2023 and September 30, 2024.

HHSC expects to meet the federal fiscal year 2024 MOE requirements for TANF. HHSC has \$386,886,151 in projected expenditures associated to TANF MOE for federal fiscal year 2024.

⁴ 42 US Code Section 609 (a)(7)

MOE Table

Strategy / Agency	MOF	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
E.1.1. TANF Grants	General Revenue	\$ 38,405,624	\$ 35,040,154	\$ 19,427,970	\$ 41,920,248	\$ 18,664,934
Texas Education Agency	General Revenue	\$ 339,179,192	\$ 325,879,048	\$ 343,639,724	\$ 334,290,905	\$ 359,391,865
Texas Workforce Commission	General Revenue	\$ 8,829,352	\$ 8,829,351	\$ 8,829,352	\$ 8,829,352	\$ 8,829,352
Total Expenditures		\$ 386,414,168	\$ 369,748,553	\$ 371,897,046	\$ 385,040,505	\$ 386,886,151
Federal Fiscal Year MOE Requirement		\$ 386,414,168	\$ 369,748,553	\$ 371,897,046	\$ 385,040,505	\$ 386,886,151
OVER/(Under) MOE		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

93.958 Block Grants for Community Mental Health

Current MOE

The current federal fiscal year 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 years⁵. State funding must be expended at or above the federal fiscal year 2021 MOE amount between October 1, 2020 and September 30, 2021.

HHSC expects to meet the federal fiscal year 2021 MOE requirements for MHBG. As of September 2023, HHSC has \$549,554,070 in actual expenditures associated to MOE for federal fiscal year 2021.

Future MOE

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

HHSC expects to meet the federal fiscal year 2022 MOE requirements for MHBG. HHSC has \$541,971,795 in projected expenditures associated to MHBG MOE for federal fiscal year 2022.

⁵ 42 US Code Section 300x-4 (b)

MOE Table

Strategy	MOF	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
D.2.1. Community Mental Health Services-Adults	General Revenue	\$ 136,418,609	\$ 136,619,978	\$ 311,120,936	\$ 309,789,862	\$ 334,926,894
	GR for MHBG No. 8001	\$ 171,130,148	\$ 170,926,049	\$ 0	\$ 0	\$ 0
D.2.2. Community Mental Health Services-Children	General Revenue	\$ 18,099,898	\$ 18,007,826	\$ 60,777,406	\$ 62,653,015	\$ 83,014,823
	GR for MHBG No. 8001	\$ 40,275,068	\$ 40,174,520	\$ 0	\$ 0	\$ 0
D.2.3. Community Mental Health Crisis Services	General Revenue	\$ 72,245,693	\$ 99,386,745	\$ 109,493,705	\$ 109,305,740	\$ 147,778,432
	GR for MHBG No. 8001	\$ 78,700,601	\$ 78,563,147	\$ 0	\$ 0	\$ 0

Strategy	MOF	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
D.2.5. Behavioral Health Waiver & Amendment	General Revenue	\$ 5,772,038	\$ 5,875,805	\$ 5,827,334	\$ 4,945,207	\$ 2,945,626
D.2.6. Community Mental Health Grant Programs	General Revenue	\$ 0	\$ 0	\$ 54,752,414	\$ 74,695,047	\$ 95,368,868
Total Expenditures		\$ 522,642,055	\$ 549,554,070	\$ 541,971,795	\$ 561,388,871	\$ 664,034,643
Federal Fiscal Year MOE Requirement		\$ 493,871,187	\$ 509,829,372	\$ 536,098,063	\$ 545,762,933	\$ 551,680,333
OVER/(Under) MOE		\$ 28,770,868	\$ 39,724,698	\$ 5,873,733	\$ 15,625,939	\$ 112,354,310

93.959 Block Grants for Prevention and Treatment of Substance Abuse

Current MOE

The current federal fiscal year 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 federal fiscal years 2019 and 2020. States must maintain spending at the average of the state funded amount provided annually during the previous two years. State funding must be expended at or above the federal fiscal year 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 requirements for the federal fiscal year 2020 or 2021 awards. 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 and received an MOE waiver from the Substance Abuse and Mental Health Services Administration (SAMHSA) for federal fiscal year 2020. While HHSC has received a partial approval of the federal fiscal year 2021 request from SAMHSA's Center for Substance Abuse Treatment, HHSC is waiting for final approval from the Assistant Secretary for Mental Health and Substance Abuse. As of September 2023, HHSC has \$12,018,943 in actual expenditures associated to MOE for federal fiscal year 2021.

Future MOE

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

MOE Table

Strategy / Agency	MOF	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
4.2.4. Substance Abuse Services	General Revenue	\$ 0	\$ 0	\$ 40,120,201	\$ 48,147,052	\$ 49,087,360
	GR for SABG No. 8002	\$ 13,489,559	\$ 12,018,943	\$ 0	\$ 0	\$ 0
Total Expenditures		\$ 13,489,559	\$12,018,943	\$ 40,120,201	\$ 48,147,052	\$ 49,087,360
Federal Fiscal Year MOE Requirement		\$ 40,004,977	\$ 26,108,307	\$ 12,754,251	\$26,069,572	\$ 44,133,626
OVER/(Under) MOE		\$ (26,515,418)	\$ (14,089,364)	\$27,365,950	\$ 22,077,480	\$ 4,953,734

List of Acronyms

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