

## News

September 25, 2008

### **Federal dollars tied to foreclosures Rockefeller moves to preclude RealtyTrac data**

By **Kate Long**  
Staff writer

Sen. Jay Rockefeller has taken steps to make sure inaccurately low foreclosure statistics do not cost West Virginia millions in Medicaid and mortgage relief dollars.

"I have asked HUD and other agencies to immediately provide an explanation of the data they use," said Rockefeller, D-W.Va. "I won't allow West Virginians to lose needed federal funds because of sloppy data collection."

Rockefeller was reacting to a Sunday Gazette-Mail survey that showed that RealtyTrac - the nation's most-reported source of foreclosure statistics - dramatically undercounts West Virginia foreclosures.

RealtyTrac counted only one in five West Virginia foreclosures in 2007, according to a tally of 2007 foreclosure sale records in West Virginia's 55 county courthouses.

The federal government will use the foreclosure rate to help determine West Virginia's share of \$4 billion in federal mortgage relief dollars Congress recently approved. The higher the rate, the more funding a state receives.

Tens of millions in state Medicaid funding could also depend on foreclosure rates through a formula advanced by the House of Representatives leadership, according to Joy Wilson, legislative counsel of the National Conference of State Legislatures.

"The subject of foreclosures is not really in my bailiwick, but once it becomes part of the formula for dispersing Medicaid dollars, I have an interest," Wilson said.

RealtyTrac Vice President of Marketing Rick Sharga said RealtyTrac gave its foreclosure data, on request, to the Senate Banking and Joint Economic Committees, the Department of Treasury, and HUD's Office of Federal Housing Enterprise Oversight.

"So our data could be factored in somewhere," Sharga said. "Hopefully, if they do decide to incorporate our data, we'll at least be called in to discuss some of the regional anomalies and help the governing bodies adjust things appropriately."

HUD officials say "they do not rely on the flawed RealtyTrac formula," Rockefeller said, "but there is still more work to do on this." He wants the federal government to generate reliable foreclosure numbers officials can depend on, his press secretary said.

At this point, the federal government does not count foreclosures, so there are no reliable state-to-state government statistics, experts agree.

Last week, House leadership staff conducted a briefing on Medicaid funding for state and local government lobbyists, Wilson said. They told the lobbyists that, in the House bill, the size of each state's Medicaid funding "bump" would be tied to three equally weighted economic indicators, Wilson said: unemployment rate, food stamp rate and foreclosure rate.

A state could receive a bump of 1 percent to 4 percent of the Medicaid dollars it

now receives. States with the highest "recession index" would receive a 4 percent bump, Wilson said.

Each percentage point represents \$20 million for West Virginia, because the state now receives \$2 billion a year in Medicaid funding.

If the foreclosure rate is included in the funding formula, "it could make tens of millions of dollars' difference in the amount of Medicaid funding the state receives, so the accuracy of West Virginia's foreclosure statistics becomes very important," said Renate Pore, Health Policy Analyst of the West Virginia Center on Budget and Policy Priorities.

Rockefeller favors an across-the-board approach in which each state would get a 2.9 percent bump. West Virginia would get \$63.5 million in Medicaid dollars.

Under the House formula, "West Virginia is likely to get less," Pore said.

Medicaid enhancement and revenue-sharing money for the states could be lost entirely in the chaos created by the huge mortgage bailout proposal, NCSL's Wilson said. West Virginia is also slated to get \$61.5 million in revenue sharing, according to the Center for Budget and Policy Priorities.

Since the Bush administration unveiled the massive Wall Street bailout package, it has been impossible to find out what's going on with the relief dollars for the states, Wilson said.

"When everything went crazy, they stopped talking about help for the states and started focusing on the mortgage issue. "Everything is up in the air," she said. Congress is uncertain whether the Medicaid dollars for the states would be folded into the mortgage bailout package or would be separate legislation, she said, or would not be funded at all.

Last week, Rep. Shelley Moore Capito said HUD assured the House that "they will not be relying on private entity estimates [of foreclosure rates]."

"It's very important for West Virginia to have accurate numbers," she said, and there are no government foreclosure statistics. "I think that's the problem. There's not one set thing. I think what they'll probably do is use their economists and others to formulate, to take in different statistics than they may have."

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