



# COALITION ON HUMAN NEEDS

## The Human Needs REPORT

November 11, 2005

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### COALITION ON HUMAN NEEDS ADVOCATES' MEETING

The next CHN Advocates' Meeting will be held **Friday, November 18** at the National Council of La Raza, 1126 16<sup>th</sup> Street, N.W. in the first floor conference room, from **9:00 a.m. to 10:00 a.m.** Contact Jen Beeson at CHN ([jbeeson@chn.org](mailto:jbeeson@chn.org)) if you have any items you would like to add to the agenda.

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Please visit the Coalition on Human Needs **Job Announcements page**

(<http://www.chn.org/jobs/index.html>) about employment opportunities and the **Calendar of Events**

(<http://www.chn.org/events/index.html>) on upcoming conferences, briefings, and meetings. If you would like us to post a job announcement or an event, please contact Jen Beeson at [jbeeson@chn.org](mailto:jbeeson@chn.org)

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### HOUSE CAN'T DIG UP VOTES TO SLASH MEDICAID, CHILD SUPPORT, SSI, FOOD STAMPS AND FOSTER CARE

Senate Approves \$35 Billion in Cuts

Advocates for human needs scored a major victory on Thursday, November 10, when Republicans in the House conceded they did not yet have the votes needed to pass a budget reconciliation bill (H.R. 4241) before departing for a long Veteran's Day weekend. The inability of the leadership to win over the support of key House moderates is a stunning defeat, but the battle is not over. Acting Majority Leader Roy Blunt (R-MO) said leadership may try to bring the measure to a vote again in the middle of next week; at this point it is scheduled to come up again on Wednesday, November 16.

The House budget reconciliation bill cuts \$51 billion from entitlement programs (those that do not need annual appropriations), including services for low-income children, people with disabilities, the elderly, working families and legal immigrants. For more details about the cuts, go to:

<http://www.chn.org/issues/opportunityforall/updateoncuts051026.html>

Thousands of calls flooded into House offices as advocates urged lawmakers to abandon plans to cut Medicaid, Food Stamps, child support enforcement, foster care payments, student aid and Supplemental Security Income (SSI). Callers also opposed the inclusion of restrictive changes and inadequate child care in Temporary Assistance for Needy Families (TANF). The pressure from constituents and advocates for low-income families made a critical difference.

Republicans in the House and Senate remain deeply divided. Early on Thursday House leaders agreed to remove provisions to allow drilling in the Arctic National Wildlife Refuge and in off-shore locations. But that was not enough to win over moderates, who also protested the deep cuts to programs serving the poor. At the same time some right-wing members threatened to vote against the bill if it did not open up the Arctic for drilling. Jettisoning the major cuts to Medicaid, Food Stamps or child support enforcement could also be difficult because members on the right such as Rep. Mike Pence (R-IN) say they want even deeper budget cuts.

Several House conservatives argued the bill would not actually hurt families or individuals -- it merely targeted waste and slowed the growth of government. In reality the bill changes several laws governing low-income services and will have a lasting effect. Fewer people (children and the elderly included) will get medical care, fewer single parent families will get the child support owed them, and thousands of struggling families moving from welfare to work will lose food stamps. The Coalition sent a letter to members of the House explaining how vulnerable Americans would be hurt by the budget bill:

<http://www.chn.org/pdf/houseletter.pdf>

### *Senate Approves \$35 Billion in Cuts to Entitlement Programs*

The inability of the House to pass the budget bill thus far stands in contrast to the Senate, which passed its version ([S. 1932](#)) on Thursday, November 3, by a vote of 52 to 47. All Democrats except Mary Landrieu (LA) and Ben Nelson (NE) opposed the Senate bill. All Republicans but five voted for the bill. The five Republicans who voted against the bill were: Lincoln Chafee (RI), Norm Coleman (MN), Susan Collins (ME), Mike DeWine (OH), and Olympia Snowe (ME). Senator Corzine (D-NJ) did not vote.

The Senate bill offers a stark contrast to the House bill. Most of the Senate budget cuts are aimed at insurance and pharmaceutical companies rather than at low-income beneficiaries. The Senate bill cuts Medicaid and Medicare, but does not contain harmful provisions allowing states to increase the amount that beneficiaries must pay for services or to restrict the benefits received.

Unlike the House bill, the Senate bill does not cut food stamps, foster care, SSI, or child support enforcement. The Senate bill does not include a reauthorization of Temporary Assistance for Needy Families (TANF).

The Senate bill cuts spending by more than \$70 billion, but contains provisions increasing spending by \$35 billion – so the net cut is about \$35 billion.

The Senate rejected an amendment offered by Senator James Inhofe (R-OK) based on a proposal by the Administration, to limit non-defense appropriated spending starting in FY 2007 to the level approved for FY 2006 (which is below the appropriated spending level for FY 2005). This measure was soundly rejected by a vote of 32-67.

The Senate also rejected an amendment aimed at reducing the growth of the deficit. The amendment offered by Senator Conrad (D-ND) would have required the Senate to consider new legislation to cut taxes the same way it considers new spending bills. The pay-as-you-go (PAYGO) amendment requires any legislation that increases the deficit (either by increasing program costs or by new tax cuts) must be paid for by raising revenue or cutting spending elsewhere. If a bill that increases the deficit is not paid for, it would require 60 votes (rather than 51) to pass.

Many human needs advocates favor a pay-as-you-go rule in the Senate because the massive tax breaks passed in the last four years contributed to a huge portion of the country's current deficit. Despite this, the right wing resolutely denies or ignores the role of the tax cuts in deepening the deficit, and instead uses the budget hole as a rationale to cut spending for low-income services. Although 51 Senators voted for the Conrad amendment, the measure failed because for technical reasons it required 60 votes to pass. All Democrats voted for the amendment (except Senator Corzine of New Jersey, who was absent but supports the measure) as well as six Republicans: Lincoln Chaffee (RI), Tom Coburn (OK), Susan Collins (ME), John McCain (AZ), Olympia Snowe (ME), and George Voinovich (OH).

Senators voted in favor of an amendment that would provide \$1.7 billion in education aid to students displaced by Hurricane Katrina. The National Education Association opposed the amendment, saying it would open the door for federal school vouchers. But some other education groups and Senators Ted Kennedy (D-MA) and Chris Dodd (D-CT) supported the measure.

#### *What Happens Next?*

If the House is unable to approve a reconciliation bill that cuts spending in entitlement programs, the process is dead for the year and the cuts will not happen. Although the budget resolution passed by Congress earlier this year directs lawmakers to make the cuts, there is no enforcement mechanism.

Even if the House is able to pass a reconciliation bill in the next few weeks, the path to a final bill will be rocky. The House and Senate versions must go to conference and the resulting bill must be approved by both chambers. Given the dramatic differences between the Senate approach and the current House bill, it will be tricky to craft a conference bill that can attract enough 'yes' votes.

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### **Key Moderate Senator Forces Delay on Bill Cutting Taxes for Wealthy**

While conservatives and moderates in the House were at odds over a budget bill in the House, a similar dynamic unfolded in the Senate Finance Committee on Thursday. Senator Olympia Snowe (R-ME) refused to support a \$68.8 billion tax bill that included cuts to the capital gains and stock dividend tax rates. The current provisions on capital gains and dividend rates are scheduled to expire at the end of 2008 and more than half of the benefits flow to millionaires. The vast majority of the benefits of the tax break go to households earning more than \$200,000.

Senator Snowe was unwilling to support a provision extending the investment break just one week after the Senate approved a \$35 billion bill cutting Medicaid, Medicare and other programs. In the face of such opposition, Senate Finance Committee Chair Charles Grassley (R-IA) offered to write a tax cut bill aimed at middle-class taxpayers and which lacked the investment tax breaks. But conservatives on the panel, including Jon Kyl (R-ID) and Michael Crapo (R-ID) do not want a tax bill unless it offers the breaks for millionaires.

The nearly \$70 billion in tax breaks developed by Chairman Grassley are phase two of the Congress' budget plan. The first phase – deep cuts to government programs – was agreed to by the Senate last week but has not yet been passed by the House.

If the Senate Finance Committee is not able to approve a tax cut bill at this time, they may wait until the House Ways and Means Committee approves a bill. The Senate could take that bill straight to the Senate floor, bypassing the Finance Committee and Senator Snowe.

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### **Funding for At-Risk Youth Cut**

The House of Representatives voted November 9 to approve the conference report funding the Departments of State, Justice, and Commerce and other agencies for fiscal 2006 by a vote of 397-19. The Commerce-Justice-Science (CJS) appropriations bill ([H.R. 2862](#)) includes funding for Juvenile Justice programs at \$311.7 million, compared to \$346.5 million appropriated for fiscal 2005.

While this is more funding than was proposed in the President's budget (which called for cutting Juvenile Justice funding nearly in half) this bill still leaves several programs under-funded. The Senate is expected to approve the conference report next week.

The cuts to juvenile justice are part of multi-year trend. For example, the Juvenile Accountability Block Grant (JABG), funded at \$50 million, has been steadily cut since FY 2002, when it was funded at almost \$250 million. JABG funds gang and youth violence reduction programs such as the Multi-Systemic Therapy program, which reduces rates of re-arrest by 25-70 percent through a comprehensive approach that addresses family, peer, school, and neighborhood factors.

Title V Local Delinquency Prevention grants have also been steadily declining and are funded at \$65 million (compared to \$95 million in FY 2002) and most of this is earmarked. The sorts of programs funded with Title V include after-school programs for unsupervised children and teenagers during the hours in which they are mostly likely to get into trouble. Currently it is estimated that 14 million children and teenagers are unable to participate in these programs due to lack of funding.

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### **Appropriations Bills Moving Towards Completion; Across-the-Board Cut Threatened**

It appears Congress is on track for finishing all or almost all appropriations bills before a planned November 18 adjournment. Most federal agencies are currently operating under a continuing resolution that is due to expire on the 18<sup>th</sup>.

Lawmakers have yet to agree on the bill that funds the Departments of Labor, Health and Human Services, and Education (H.R. 3010). Typically the Labor-HHS-Ed bill is the most contentious. Disagreements remain over funding for the Low Income Home Energy Assistance Program (LIHEAP) and preparations for avian flu. The House version contains \$2.4 billion for LIHEAP; the Senate bill has \$2.2 billion. Because of sharply rising energy prices, pressure is growing to increase LIHEAP funds closer to the authorized level of \$5.1 billion. The House spending reconciliation bill included a \$1 billion increase in LIHEAP funding over the current year (to \$3.16 billion).

Labor-HHS-Ed negotiators have agreed to a total discretionary level of \$142.5 billion, which is \$329 million less than fiscal 2005. Many human needs programs such as child care, Head Start, Title I education for low-income students, workforce training, mental health services and many others are funded through this bill. Many of these programs are funded either at last year's levels or lower.

Other appropriations bills not yet passed include Defense, Military Construction and Veteran's Affairs, and the Treasury, Transportation, and Housing bill (H.R. 3058). Several cuts to housing proposed by the President in his budget were rejected by the House and Senate. One victory in particular is the bi-chamber support of the Community Development Block Grant program. The President's budget eliminated CDBG but the House bill provides \$4.2 billion and the Senate provides \$4.3 billion. (The fiscal 2005 level was \$4.671 billion.)

An across-the-board cut that hits all domestic discretionary programs remains a possibility. Such a cut could be tacked onto any of the remaining appropriations bills and could affect even those appropriations bills already approved by Congress. End of the year across-the-board cuts are becoming standard operating procedure for appropriators. In 2003 the across-the-board cut was 0.65%, in 2004 it was 0.59% and in 2005 it was 0.8%. Across-the-board cuts mean that programs described as "flat-funded" are actually shrinking – even before taking inflation into account.