



COALITION ON HUMAN NEEDS

The Human Needs Report

March 12, 2010

IN THIS EDITION

HEALTH: Democrats Explore Strategies to Complete Health Care Reform

LABOR: Unemployment Insurance Back on Track; Jobs Bills Move in Senate and House

POVERTY: Improved Measure of Poverty Announced by Obama Administration

WE APPRECIATE YOUR INPUT

Give us your thoughts on our Human Needs Report or any of our other services at feedback@chn.org.

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.

Democrats Explore Strategies to Complete Health Care Reform

Congressional leaders and the Administration are trying to figure out the exact content of a final health care reform package and the legislative strategy to get it through the House and Senate. Discussions have mainly centered on a two-step process by which the House would pass the Senate bill, H.R. 3590, and then both chambers would pass a companion bill with agreed-upon changes to H.R. 3590. But questions regarding this approach still remain.

The House is concerned about voting on the Senate bill, which did not go as far as the House-passed bill, without an assurance that the Senate is able to pass the follow-up bill with the corrections the House seeks. Therefore, leaders are exploring various strategies. House Rules Chairwoman Louise Slaughter (D-NY) is considering a rule that would assume the Senate bill passed once the House passes the “corrections bill.” This would avoid having Representatives directly vote on the Senate bill, which many do not particularly like. Another approach would be for the House to simultaneously clear the Senate bill and the corrections bill. At the same time, Congressional leaders are waiting for the Congressional Budget Office (CBO) to produce a score of the budgetary impact of their proposed changes to the Senate bill.

Democratic leaders could continue tweaking the provisions in the bill offering corrections based on the CBO score. The substance of this bill has still not been disclosed but most assume that its provisions are similar to those the President laid out recently: affordability improvements, changes to the individual and

employer mandates; as well as modifications to the tax provisions. (For more details of the President's proposal see the March 1, 2010 *Human Needs Report*: <http://www.chn.org/humanneeds/100301b.html>).

Meanwhile in the Senate, leaders are consulting with the parliamentarian about ways to protect the corrections bill from parliamentary challenges from Republicans. Such challenges could delay and hamper passage of the bill. In order to keep certain provisions from being stricken from the bill Democrats may need 60 votes to defeat points of order challenges from Republicans. Thus far, no Republican seems willing to join the 59 Democrats to overcome the 60-vote hurdle. Opponents of the legislation could also delay passage by offering a marathon of amendments. Although the bill providing corrections would be subject to limited debate and no filibuster, Senate rules do not set limits on the number of amendments that can be offered after debate ends.

As Congressional leaders work to develop an endgame strategy to pass a final health care package, advocates continue to stress the urgent need for reform. Over 5,000 advocates from across the country gathered in DC on March 9 and held a rally outside of a hotel where insurance company leaders were attending a policy conference. The protesters delivered a mock warrant of arrest to the insurance companies and urged Congress to stop listening to the insurance industry and complete health care reform. A new report by Families USA, *Lives on the Line: the Deadly Consequences of Delaying Health Reform*, presents stark statistics on the human cost of doing nothing (see report at: <http://www.familiesusa.org/assets/pdfs/delaying-reform.pdf>). The report states that in the 15-year period since Congress last took up health reform (1995-2009), more than 294,000 American adults (25-64 years old) died prematurely due to a lack of health coverage. It estimates that a similar number will die in the next 10 years if Congress fails to pass health reform this year.

Timing

The White House would like to see a final health care package passed through Congress by March 18, which is when the President is scheduled to leave on an international trip. However, Members have pushed back on this timeline and are instead aiming to have a vote before their two-week spring recess begins on March 26.

Unemployment Insurance Back on Track; Jobs Bills Move in Senate and House

Senator Bunning (R-KY) temporarily derailed attempts by the Senate to pass a short-term extension of federal Unemployment Insurance benefits. His actions allowed the program to expire on February 28th. But two days later Senator Bunning abandoned his stalling tactics and an extension through April 5, 2010 of UI and COBRA health insurance subsidies passed 78-19. Bunning's actions put more than 200,000 long-term unemployed people at risk of losing benefits. Longer term extensions of UI and COBRA are pending in a bill now moving through Congress. (See below.)

In the meantime, the House, under pressure from more conservative Blue Dog members, refused to clear a separate \$15 billion jobs bill, H.R. 2847, passed by the Senate on February 24th, without first making minor changes to the bill and bringing it into compliance with House pay-as-you-go budget rules. The bill passed the House 217-201 on March 4th costs \$17.6 billion. The bill's key provision exempts businesses from paying the 6.2 percent Social Security payroll tax if they hire workers who have been unemployed for at least 60 days. The legislation also gives businesses an additional \$1,000 credit for each new worker who remains on the job for a full year. The Senate will need to vote to accept the House

changes before sending the bill to the President for his signature. To expedite final passage, the Senate leadership has invoked cloture, with the vote to end debate scheduled for March 15. (See more information on UI and COBRA and the jobs bill in *Human Needs Report* for March 1, 2010 at: <http://www.chn.org/humanneeds/100301c.html>).

In the face of a persistently high 9.7 percent national unemployment rate and a loss of over 8.4 million jobs since the recession began in December 2007, the strategy Senate and House Democratic leaders have adopted is to address this economic reality with a jobs agenda consisting of a series of bills with job-creation components. Within days of passing its first jobs bill, H.R. 2847, Senate Democrats brought the second bill in their jobs agenda to the floor. The American Workers, State, and Business Relief Act of 2010, H.R. 4213, includes an extension of UI and COBRA through the end of 2010, a six-month extension of aid to states to help offset their rising Medicaid costs, postponement of the scheduled cut in Medicare payments to doctors, and a retroactive extension of dozens of tax provisions including the research and development credit, deductibility for state sales taxes, and energy-related credits. In recent years this 'extenders' package has been renewed annually, but in 2009 was allowed to lapse on December 31. The \$140 billion bill offsets the cost for the tax extenders with revenues from elsewhere in the tax code. UI, COBRA and the aid to states to help pay for Medicaid is considered emergency spending and does not need to be offset according to pay-go budget rules. The bill passed the Senate on March 10th by a vote of 62-36 with six Republicans joining all but one Democrat (Senator Nelson (NE)) in supporting the bill. (The six Republicans were Senators Bond (MO), Collins (ME), Murkowski (AK), Snowe (ME), Vitter (LA) and Voinovich (OH)). The House will decide whether to vote on the bill as passed by the Senate or include provisions which focus more directly on creating jobs from the Jobs for Main Street Act of 2010 it passed in December. (See more information on the Jobs for Main Street Act of 2010 in the *Human Needs Report* for December 23, 2009 at: <http://www.chn.org/humanneeds/091223d.html>).

During floor debate on H.R. 4213 an amendment sponsored by Senators Sessions (R-AL) and McCaskill (D-MO) that would have capped discretionary spending for four years at 2010 levels narrowly failed to get the 60 votes needed, 59-41. A discretionary cap would damage many programs critical to low-income families that are just beginning to recover from cuts made by the Bush Administration and prior Congresses.

A second amendment sponsored by Senators Murray (D-WA) and Kerry (D-MA) to extend the TANF Emergency Fund and provide funding for summer employment for youth failed to get 60 votes, as required by Senate rules (the vote was 55-45). The TANF Emergency Fund received \$5 billion over two years from the American Recovery and Reinvestment Act and is being used by states to provide subsidized jobs to at least 100,000 low-income parents and basic assistance to poor families with children hit hard by the recession. The Emergency Fund is set to expire on September 30, 2010; the six-month extension provided by the amendment would cost \$1.3 billion. Currently there is no money for the summer employment program for youth, the group with the highest unemployment rate. Another \$1.3 billion in the amendment would have created up to 500,000 jobs for disadvantaged youth. Advocates hope that when the House considers H.R. 4213, it will add funding for the TANF Emergency Fund for a year and for the summer jobs program. If that fails, efforts will be made to attach these provisions to the next jobs bill in the Congressional lineup.

Before work is completed on either of the first two jobs bills, both the Senate Finance and Small Business Committees and the House Ways and Means Committee are working on the third bill in their jobs agenda that will focus on small businesses. Advocates and many economists believe that these three bills rely too heavily on tax breaks for business that are unlikely to be effective at creating jobs. The bills lack a direct

job creation approach that could be well-targeted to help communities devastated by the recession. In response, advocates are quickly lining up in support of the Local Jobs for America Act, H.R. 4812, introduced on March 10th by Representative George Miller (D-CA), Chairman of the House on Education and Labor. The bill directs \$100 billion in federal spending to state and local governments over the next two years to save or create 1 million jobs. The legislation is designed to create jobs quickly in the public and private sectors with 100 percent federal funding for two years. The jobs would provide modest wages plus health insurance. Twenty-five percent of total funds in the bill may go to community non-profits. This legislation could move as a separate bill or be added to another bill moving through Congress.

Improved Measure of Poverty Announced by Obama Administration

On March 2nd, the Obama Administration announced the development of a new way to measure poverty. Long sought by researchers and policy makers, this new method will attempt to gauge more accurately both the expenditures and income sources of the poor. The new Supplemental Poverty Measure was described in a [press statement](#) by Department of Commerce Under Secretary for Economic Affairs Rebecca Blank. It will be first released in the fall of 2011, at the same time the annual poverty survey results are made public. The Administration emphasized that this is an experimental research tool, and will not replace the current guidelines used to determine eligibility for means-tested programs. (Press statement at http://www.commerce.gov/NewsRoom/PressReleases_FactSheets/PROD01_008963)

The current official poverty measure was developed in the 1960s after research showed that the poor spent about one-third of their income on food. A barely adequate “Thrifty” food budget was designed; it was then multiplied by three and adjusted for family size. Those living on less than those totals were deemed poor. In the years since almost nothing has been changed about the measure except to adjust it annually for inflation. Over time the model’s shortcomings have increased, as food now takes up less of a low-income family’s budget than it did decades ago and expenses such as housing loom larger. In addition, the official measure does not count in-kind income sources such as food stamps (now called SNAP, or Supplemental Nutrition Assistance Program). That has meant that increases in SNAP benefits, which clearly benefit poor people, do not count in the annual assessment of poverty trends. Advocates recognize that leaving such income sources out make it impossible to show whether progress in alleviating poverty is being made.

The new Supplemental Poverty Measure is generally based on work done about fifteen years ago by researchers at the National Academy of Sciences. It will establish a poverty threshold by calculating the costs of food, shelter, clothing and utilities for all family units with two children. Costs will take into account regional variation (not part of the official poverty measure), and will show housing cost differences for those who rent, own outright, or own with a mortgage. Expenditures will be averaged over five years, to even out fluctuations that might show up in annual data. Once these basic expenditures are estimated, the figure will be multiplied by 1.2 (recognizing that the poor purchase more than just these necessities) and adjusted for varying household size. The threshold will be set at the 33rd percentile – that is, two-thirds of Americans will spend more than the estimated figure for these necessities. Those who spend less will be considered poor.

The new measure then counts a broader array of income sources than is currently estimated, including in-kind public benefits such as SNAP. Certain expenses are then subtracted, including child support paid and work expenses including child care and transportation. Taxes are subtracted, and refundable tax

credits like the Earned Income Tax Credit and Child Tax Credit are counted as income. Out of pocket medical expenses are also subtracted from income.

The precise way of incorporating these expenditures and income sources is left to the Census Bureau to develop over the coming year, and public comment will be sought on the best way to estimate both income and expenditures. Advocates and analysts have already voiced some criticisms, some technical, and some taking the broader view that the Supplemental measure gauges only a very low level of expenditure, but does not help us understand what it would take for families to escape from poverty. Legislation to establish a new poverty measure previously introduced by Rep. McDermott (H.R. 2909) and Senator Dodd (S. 1625) calls for developing an additional “decent living standard” – a higher level at which families were more comfortably entering the middle class and making ends meet. While the March 2 announcement did not call for designing a decent living standard, it is possible such a request could be incorporated into the charge to the Census Bureau. Advocates are already calling for this addition.

Advocates of a national commitment to reduce poverty hope that a more accurate measure will make it possible to see more clearly whether anti-poverty initiatives are effective. The Half in Ten Campaign, which seeks to cut poverty in half within ten years, has developed a short educational [video clip](#) to explain why modernizing the poverty measure is needed: <http://halfintencampaign.org/supplemental-federal-poverty-measure-explained>.

(For an 8-page [Observations from the Administration’s Interagency Technical Working Group](#) describing elements the Census Bureau will have to consider in creating the new measure: http://www.census.gov/hhes/www/povmeas/SPM_TWGObservations.pdf)