



COALITION ON HUMAN NEEDS

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Issues to be Resolved in the Lame Duck Session

On November 15, Congress is scheduled to return for a lame duck session - a period after the election when many members have been voted out but before the new Congress is sworn in the following January. They plan to work for one week, take Thanksgiving week off, and return again the week of November 29 to address issues unresolved and requiring urgent action. Issues that are pending include: the 2001 and 2003 tax cuts, the improvements in the low-income tax credits passed in the American Recovery and Reinvestment Act (ARRA), extensions of popular tax breaks that have been allowed to lapse, the FY 2011 appropriations bills, extension of Unemployment Insurance, the Child Nutrition Reauthorization bill, and the expiration of the Temporary Assistance to Needy Families (TANF) program, the TANF Emergency Fund, and performance-based funding for state child support enforcement operations.



Taxes

The 2001 and 2003 Bush tax cuts are set to expire on December 31. There seems to be broad agreement among Democrats, Republicans and the Administration that the tax cuts for the bottom 98 percent of taxpayers should be extended, at a cost of \$3 trillion over 10 years. At issue are the tax breaks for the wealthiest two percent. Extending the tax cuts for them would add \$700 billion to the price tag. There is little evidence that extending tax breaks for the wealthiest would be a cost-effective means of job creation, but newly victorious Republicans and some Democrats support extending all the tax cuts. It is not clear which tax cuts Democratic leaders will propose to extend and for how long. Advocates are most concerned that if the tax cuts for the upper two percent are extended that they not be on the same timeline as the middle-class tax cuts. Linking them would make it extremely difficult in the future for Congress to end the tax breaks for the upper two percent. Advocates will also be working to ensure that the improvements to the refundable Child Tax Credit and the Earned Income Tax Credit included in ARRA are part of legislation to extend or make permanent the middle-class tax cuts. Congress may also work to reinstate a package of tax cuts (business credits for research and development, state sales tax deductions, renewable energy incentives, and others) which expired at the end of 2009 but which in the past have been routinely extended each year.

Appropriations for FY 2011

Congress has failed to pass any of the 12 appropriations bills which annually fund discretionary programs. To continue funding programs in the new fiscal year which began on October 1, Congress passed two stopgap continuing resolutions (CR's), the last one set to expire on December 3. The CR funds most appropriated programs at their FY 2010 levels. The House and Senate Appropriations subcommittees have been working to come to agreement on funding levels for FY 2011. Congress could bundle all 12 bills into an omnibus spending bill, or it could pass another CR and let the new Congress finish the work next year. There is a sense that if the Democrats were willing to agree on an over-all spending level significantly less than the President's budget proposal, such as the nearly-successful amendments to cut spending sponsored by Senators Jeff Sessions (R-AL) and Claire McCaskill (D-MO), Republicans might agree to enact an omnibus bill in the lame duck session. Finishing up the work on FY 2011 now would free up the new Congress to get to work sooner on the next year's budget.

Unemployment Insurance

In July, Congress extended federal unemployment benefits for the long-term unemployed through the end of November. Unless Congress acts during the lame duck session, the unemployed will once again face the abrupt termination of their unemployment compensation, despite continued high joblessness and a sharp increase of people out of work for more than a year. Advocates are encouraging Congress to pass a one-year extension. Congress will need to decide the duration of the federal program's extension, and may face pressure to reduce the weeks of benefits available to the long-term unemployed. It will also be expected to grapple with the likely insistence of some in Congress that offsets be found to pay for the extended benefits, which up until this point have been treated as emergency spending (and therefore not requiring either increased revenues or savings/cuts to pay for the UI benefits).

Child Nutrition Reauthorization

In August of 2009, the Senate passed the Healthy, Hunger-Free Kids Act of 2010 (S. 3307) which added \$4.5 billion over 10 years for child nutrition programs. The bill would make it easier for some low-income children to qualify for free school meals, increases the federal reimbursement for school meals by six cents per meal, expands access to afterschool and summer meals and makes certain improvements in the WIC program. House members have supported legislation with more funding and greater expansion of summer food and school breakfast programs and more streamlined access provisions. Further, strong resistance has arisen in the House to paying for the bill, as the Senate bill did, in part by reducing future SNAP/food stamp benefits. However, it is unlikely that the House will be able to get the Senate to agree to changes within the child nutrition bill it passed. Advocates and House leaders are seeking strong assurances from the Administration that it will find other ways to prevent the cuts in SNAP from taking effect if the House were to pass the Senate version of the bill. To prevent child nutrition programs from expiring, authorization to extend the current child nutrition programs was included in the CR. The House must decide in November whether to pass the Senate bill with or without a companion fix for the SNAP cuts, or seek another extension on the CR or omnibus appropriations bill.

TANF and Child Support

The CR was also used as the vehicle to extend Temporary Assistance for Needy Families (TANF), which otherwise would have expired on September 30. The joint federal and state block grant program was last reauthorized in 2005, with the federal funding level for the block grant remaining unchanged at \$16.6 billion since it was first created in 1996. Advocates believe that the program is ripe for improvement, since it was reaching only 40 percent of the nation's eligible poor families before the start of the recession, as compared to its predecessor program Aid to Families with Dependent Children, which provided assistance to 80 percent of eligible families. Most states were not expanding access despite the sharp rise in poverty caused by the recession. It is likely that Congress will do a longer-term extension of TANF into next year when a more comprehensive approach can be debated.

TANF was made more responsive to rising poverty and joblessness through the creation of the TANF Emergency Fund, included in the American Recovery and Reinvestment Act. States received a share of the \$5 billion provided over two years if they increased ongoing aid or short-term assistance for poor families, or if they set up temporary subsidized jobs programs. Advocates were deeply disappointed that the TANF Emergency Fund was allowed to expire on September 30, because its effectiveness was proven through its creation of 250,000 jobs for low-income parents and teenagers. They are working to include a revival of the program on some legislative vehicle, perhaps the CR or omnibus, in the lame duck session.

Similarly disappointing was the failure to extend federal funding for incentive matching payments to states for good performance in collecting child support. These incentive payments had been very effective in improving child support collections, but were cut when Congress reauthorized TANF in 2005. The funding was restored as part of ARRA but expired on September 30. HHS estimates that the failure to continue this funding will cause families to lose \$2 billion a year in uncollected child support. Now, 17 million children and their families receive \$25 billion in child support payments from the program. Efforts are underway to include a restoration of funding (estimated at \$500 million for a year) in some vehicle during the lame duck session.