COALITION ON HUMAN NEEDS

The Human Needs Report

October 26, 2015

IN THIS EDITION

Subscribe to our blog, **Voices for Human Needs**, and follow the Coalition on Human Needs on **Facebook** and **Twitter**. Visit our **job announcements page** for employment opportunities and our **Calendar of Events** for upcoming conferences, briefings, and meetings.

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

Pressing Up Against the Debt Ceiling

Treasury Secretary Jacob Lew is warning that Congress must avert disaster by acting to raise the debt ceiling by November 3rd when the United States will reach its borrowing limit. Congress has the sole authority to increase the amount the Department of the Treasury can borrow to pay its bills. Annual deficits, projected to be $469 billion in 2015, have been steadily decreasing since a record $1.4 trillion deficit in 2009. The debt however, which is comprised of cumulative annual deficits, is nearing the $18.1 trillion limit on Treasury's borrowing authority.

Since March, the Treasury has been using 'extraordinary measures' to extend borrowing authority. Those measures include moves like delaying scheduled payments into pension funds. Economists and business leaders overwhelmingly agree that failure to raise the debt ceiling would do catastrophic damage to economies and markets worldwide. In recent history this hasn't stopped Congress from reaching the brink of disaster before raising the debt ceiling. This year appears to be no exception. In the Budget Control Act (BCA) of 2011, Republicans secured tight caps on domestic and Pentagon discretionary programs in exchange for increasing the debt limit. The BCA also established a Super Committee to come up with an additional $1.5 trillion in deficit reduction. The failure of that Committee to act resulted in further cuts, mostly to discretionary programs, known as 'sequester' caps which took effect in FY 2013. The $85 billion Ryan/Murray budget agreement replaced about one-half of the domestic spending sequester cuts in FY 2014 and one-fourth of them in FY 2015. Unless Congress acts, the full impact of the sequester cuts will again be felt in FY 2016. Since 2011, the Administration has been adamant that they will not negotiate increases in the debt ceiling. There must be 'clean' extensions without budget-cutting provisions. Since 2011, Congress has agreed to three clean extensions of the debt ceiling.

While little time remains until November 3rd, that has not kept conservative House Republicans from passing legislation that has zero chance of becoming law. On October 21st it passed H.R. 692, the Default Prevention Act. The bill would have required the Department of the Treasury to continue to pay the principal and interest on the debt held by the public or the Social Security trust funds while leaving many of its bills unpaid. The Administration issued a statement saying that if the bill came to the President's desk he would veto it. The statement read in part, "Any legislative proposal to prioritize certain payments over others is default by another name and would not protect the full faith and credit of the United States government or avoid the negative impact of default on American jobs and businesses….It would cause the Nation to default on payments for Medicare, veterans, national security, and many other key priorities. Making some payments while not making others would be unacceptably risky and unfair to the American people." The bill passed 235-194, with 9 Republicans joining all Democrats in opposing H.R. 692, while 235 Republicans voted for it. The Senate will not consider the bill.

House Republicans have also weighed other proposals, including one that contained changes to entitlement programs in exchange for raising the debt ceiling, but have not attempted to bring any of those to a vote. Given the late date and the Administration's non-negotiation stance, it appears that outgoing Speaker John Boehner (R-OH) will bring a clean increase in the debt ceiling to the floor in time for the Senate to act before the November 3rd deadline. All 188 House Democrats would likely vote for the bill, meaning at least 30 Republicans would need to vote 'yes' for the bill to pass, so far an uncertain outcome. The Senate would likely reach the 60-vote threshold to pass the bill.

Return to Top

Transportation Bill Action this Week; End of Year Deal a Possibility

As October wraps up, there are a number of big legislative items Congress still needs to deal with, including resolving FY16 funding, raising the debt ceiling (see related article in this *Human Needs Report* for more on this), addressing a package of corporate tax breaks, and the reauthorizing the transportation bill. Lawmakers are expected to pass another short-term extension of the transportation funding bill this week before the current authorization expires on Oct. 29. The stop-gap bill filed in the

House on October 23 would keep funds flowing to highway and public transit projects across the country through November 20. Last Thursday, the House Transportation and Infrastructure Committee approved a six-year transportation reauthorization bill (H.R. 3763). However, even if H.R. 3763 were to pass the full House before the Oct. 29 deadline, which is unlikely, the House and Senate would still have to work out the differences between the House bill and the six-year reauthorization bill (H.R. 22) the Senate passed on July 30. The House and Senate agreed on the current three month stop-gap legislation in late July (for more on this, see the August 3 *Human Needs Report*).

At this point, neither the House nor the Senate transportation bill is fully paid for. The Senate bill includes roughly $50 billion of offsets; however, advocates are concerned that these same offsets are needed to pay for sequester relief. Using these offsets to help pay for the transportation bill would leave human needs programs in the lurch, as many conservative members of Congress have insisted on paying for any spending increases to such programs with offsetting cuts, and this could lead to cuts to some human needs programs to pay for increases to others. There is also the possibility that instead of passing a stand-alone transportation bill, it could get rolled into a larger year-end deal that would include FY16 funding and what has become an annual process of extending a package of approximately 50 mostly corporate tax breaks (which are not paid for with corresponding offsets). Many Republican members of Congress want to see many of these tax breaks made permanent. Many human needs advocates oppose making them permanent without paying for these tax breaks with other revenue increases, since they cost hundreds of billions of dollars. But they are emphatic that no corporate tax breaks be made permanent without also making permanent improvements to the low-income Earned Income Tax Credit and Child Tax Credit that are set to expire in 2017.

There is also grave concern that a year-end deal could see Congress pass a Continuing Resolution (CR), or stop-gap spending measure, for the full remainder of FY16. As the Center on Budget and Policy Priorities points out, a full-year Continuing Resolution would be highly problematic for many reasons. First, it would lock in harmfully low sequester level spending caps, taking money away from critical human needs programs (for background on sequestration, see the related debt ceiling article in this *Human Needs Report*). If the sequester cuts remain in place, domestic appropriations will have been cut 17 percent since FY10, leaving them the lowest as a share of the economy in the last 50 years. While a one-year CR would fail to protect non-defense programs from additional cuts, because of extra funding provided to the Pentagon via the Oversees Contingency Operations (OCO) account, it would violate the principle that sequestration relief be provided equally to both defense and non-defense programs. As a significant portion of funding covered by annual appropriations goes to state and local governments, a full-year CR at the sequester levels would also have a significant impact on state budgets.

In addition, the elections next fall and the shortened legislative calendar that accompanies an election year mean appropriations bills will be even harder to enact next fall. Thus, a one-year CR for FY16 could easily turn into another year-long CR for FY17, locking in sequester caps for even longer. The Obama Administration has said repeatedly that it would veto spending bills for FY16 that lock in sequestration, which could set the stage for a government shutdown when the current CR expires December 11.

In addition, the House is also expected to elect current Ways and Means Committee Chairman Paul Ryan (R-WI) as the next Speaker of the House this Thursday. Rep. Ryan said he will respect the so-called "Hastert Rule," which requires that at least half of Republicans support legislation for it to move to the floor. Advocates have expressed concern that this will make it harder to pass bipartisan legislation since the House's most conservative members are not likely to support legislation that would also attract Democratic support.

The Coalition on Human Needs' Executive Director Deborah Weinstein discussed the need to end the sequester and raise the spending caps, as well as the need to raise the debt ceiling, when she testified before the Senate Budget Committee last week. Advocates also spread the word about the need to end sequester cuts via a Twitterstorm and a blog carnival. Advocates will need to remain alert and ready to act throughout the fall to ensure that human needs programs are not cut further for the most vulnerable populations as deadlines, partisan standoffs, uncertainties and threats of additional cuts loom in Congress.

Return to Top

Bill to Defund Sanctuary Cities Falls in the Senate

A bill that advocates said would have increased deportations, increased the number of non-violent offenders behind bars and reduced trust in the police failed to pass a procedural hurdle in the Senate last week (54-45; 60 votes were needed). S. 2146 would take taken away funding, including Community Development Block Grant funds that are critical to low-income housing programs and other community needs, from cities that have chosen to limit local police involvement in immigration enforcement. Many immigration, civil rights and labor organizations (including the National Immigration Law Center) opposed the bill, which they said would put mandatory minimum sentences in place, cause mass deportation, and jeopardize public safety.

Introduced by Sen. David Vitter (R-LA), the bill came to the Senate floor without the usual process of going through a committee review first. The White House issued a veto threat in advance of the vote, saying the bill would "deny funding for cities to implement a wide range of community development and housing activities." The White House also noted that, while the Senate passed comprehensive immigration reform legislation with strong bipartisan support over two years ago, the House of Representatives failed to take any action.

Return to Top

Sentencing Reform Bill Moves through Committee

The bipartisan Sentencing Reform and Corrections Act of 2015 passed (15-5) the Senate Judiciary Committee on Thursday, three days after the committee held a hearing on the bill. Several advocacy groups, including CHN, sent letters in support of the legislation to members of the committee prior to the Thursday vote. As noted in the October 6 *Human Needs Report*, the bill would eliminate the harsh three-strike mandatory life sentence, reduce federal penalties for some drug-related and other crimes, and address the extreme disparities in sentencing for crack versus powder cocaine offenses, among other reforms.

Amendments to keep the new sentencing minimums from being applied retroactively or to firearms offenders were defeated. While the legislation would not automatically reduce sentences for those already behind bars, it would give judges discretion to release them from prison on a case-by-case basis. The bill has strong bipartisan support, but the number of big legislative items left to be dealt with this year and the shrinking number of legislative days in which to deal with them means the future of the bill remains uncertain.

Return to Top