



# COALITION ON HUMAN NEEDS

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### **FY16 Omnibus Appropriations Bill Signed Into Law; Important Gains for Low-Income People Included, but Areas of Concern Remain**

Congress wrapped up the FY16 appropriations season on Friday when the Senate passed (65-33) massive legislation that combined the FY16 omnibus spending bill passed by the House (316-113) earlier that day and a large tax cut package the House passed on Thursday (for more on the tax package, see the related article in this *Human Needs Report*). President Obama signed both measures into law on Friday, ensuring all government agencies will be funded through September 2016. Both chambers of Congress left town Friday afternoon for the holiday recess.

There is important good news for low-income people in the \$1.15 trillion FY 2016 omnibus appropriations law. It demonstrates the importance of the legislation to increase spending beyond the harsh sequestration caps, enacted by Congress and signed by the President on November 2. While the nation needs greater investments than the increase allows, the omnibus makes progress. Head Start increases by \$570 million over the FY 2015 level. Child care funding rises by \$326 million; it would have been flat-funded in the initial House bill, despite the fact that a lot of ground has been lost in providing affordable child care, with 300,000 fewer children served since 2006. The omnibus increase does not go far enough, but it is a step forward. Job training funding increases modestly, and there is funding for a new \$90 million apprenticeship program. Federal support for low-income K-12 school districts will rise by \$500 million over FY15 levels, to \$14.9 billion. The original House bill did not include any increase. Special education funding increases 3.6 percent, to \$11.9 billion. Meals for seniors increase by \$20 million. Combined funding for substance abuse and mental health programs rise by 4.6 percent over last year; most of these programs had been cut substantially since FY 2010. Funds for refugee assistance increase by more than 7 percent over FY 2015. The Community Services Block Grant increases to \$715 million, up 6 percent.

These are some examples of programs of particular importance to low-income people. Funding remains tight, and other important programs, notably [subsidized housing assistance](#), badly need increased resources. But advocates were certain that many more programs would have lost ground without the relief provided by lifting the sequester caps.

Further, advocates were very pleased that many harmful [policy riders](#) were rejected in the omnibus legislation. Because of the work of advocates, champions in Congress and the Obama Administration, [refugees](#) from Syria and Iraq will not be barred from entering the U.S. The [Consumer Financial Protection Bureau](#) remains a strong and independent agency, protecting people from unscrupulous lenders charging appalling interest rates. Protections will remain for people needing retirement advice, and for [workers](#) seeking collective bargaining agreements with joint employers. Constraints on [fair housing protections](#) were rejected. Here too were victories for low- and moderate-income people.

There was, however, concern among advocates over certain parts of the omnibus. Of particular concern, a provision which prevents subsidizing health insurance companies taking losses in “[risk corridors](#)” threatens the significant successes of the Affordable Care Act. Some of the revenues originally intended to fund the health care law were delayed for two years. One of the revenue sources, a tax on higher-cost health insurance plans, was strongly opposed by labor. Over time, assuming opposition to this source continues, other revenues will be needed.

Assistance for refugees will receive an increase of nearly \$115 million over last year’s funding, bringing its total to \$1.67 billion. However, with recent increases in children fleeing violence in Central America as well as the new refugees from Syria and Iraq, advocates will be carefully monitoring whether resources are adequate to serve those seeking asylum.

Providing even more funds than the Pentagon has asked for is another area of concern for low-income advocates. An additional \$1.3 billion is provided in the omnibus for 11 F-35 fighter planes beyond the Pentagon request, despite multiple problems with the aircraft.

For more information on what's in the omnibus and what's not, see these summaries from [House Democrats](#), [House Republicans](#), [Senate Democrats](#) and [Senate Republicans](#), or the [bill text](#).

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### **Improvements to Working Family Tax Credits Made Permanent in Tax Cut Package**

In a huge win for advocates, key provisions of tax credits for low-income working families were made permanent in a tax package that passed the House ([318-109](#)) on Thursday and the Senate on Friday (in the Senate, it was combined with the FY16 omnibus spending bill before passage. See the related article in this *Human Needs Report* for more information on the omnibus). The tax package, which also emerged in the pre-dawn hours of Wednesday last week when the omnibus was released, addressed more than 50 mostly-corporate tax breaks and will cost \$622 billion over 10 years. Some of these corporate breaks were made permanent, while others were extended for two or five years.

By making permanent the 2009 improvements to the Earned Income Tax Credit, Child Tax Credit, and American Opportunity Tax Credit, more poor and near-poor working families and college students will be reached. For example, a mother working full time at the minimum wage can now be assured that her children will benefit from a \$1,725 Child Tax Credit – with no risk that this much-needed help will disappear. As the Center on Budget and Policy Priorities [notes](#), up to 50 million Americans will benefit from making the provisions permanent, including up to 25 million children.

Many advocates decried spending hundreds of billions of dollars on corporate giveaways without paying for them, especially in a time when additional revenue is so hard to come by and so needed. For example, the package makes permanent the “active financing exception,” which makes it easier for certain corporations to shelter income overseas, and will cost \$78 billion over 10 years. While it is true that the tax cuts extended or made permanent have been repeatedly extended, sometimes for decades, Congress’ failure to pay for them does contribute to the deficit. Some of the same members of Congress who pushed for these breaks may call for decreased spending in other areas, including domestic programs, to reduce the deficit.

Other advocates, including the [National Immigration Law Center](#), were disappointed that some immigrant taxpayers will face restrictions in receiving low-income tax credits through rules that do not apply to other taxpayers. They also noted that some immigrants seeking to pay taxes are likely to face unjust roadblocks that will contribute to deeper poverty for their children, while Congress failed to place responsible controls over tax preparers whose actions contribute substantially to error rates.

Despite these serious drawbacks, many advocates believed this tax package was the best opportunity to make permanent the tax credits for low-income working families. Had it failed to pass, Congress would have likely extended the business tax breaks for an additional two years, leaving low-income people in danger of losing the tax credits that help them when the improvements to the EITC and CTC expire, which had been set for 2017.

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### **Senate Passes Repeal of Affordable Care Act; President Vows to Veto Measure**

On December 3, the Senate passed ([52-47](#)) a bill to repeal most of the Affordable Care Act. Because the Senate used a budget process known as reconciliation, only a simple majority of votes were needed to pass the measure instead of the Senate's usual 60-vote threshold. While the House has voted dozens of times to repeal all or part of the ACA, this is the first time a bill to do so cleared the Senate. The bill would repeal the law's penalties for individuals who don't obtain health coverage and for employers who don't offer it. It would also throw out the Medicaid expansion provisions of the law and the subsidies that help individuals afford coverage. In addition, the bill would strip federal funding for one year from Planned Parenthood. The House had previously passed a more limited version of the bill, and while it was originally expected to pass the Senate's expanded version in quick fashion, reports are now saying the House will wait until January to pass it. President Obama has stated that he will [veto](#) the bill, and as Republicans in the House and Senate don't have the two-thirds needed to override a veto, the bill is not expected to survive.

However, health care advocates have expressed concern that the bill will be a blueprint for a repeal of the 2010 health care law should a Republican be elected to the White House next year. An estimated [17.6 million Americans](#) have gained health insurance coverage since the ACA's provisions have taken effect. Repealing the law and doing away with the Medicaid expansion would disproportionately hurt low-income individuals.

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### **Other Items Congress Did – and Didn't Do – Before Heading Home**

Before heading home for its holiday recess, Congress took care of a few other pieces of business. Unfortunately, they also left others to be dealt with next year.

President Obama signed into law a bipartisan reauthorization of the **Elementary and Secondary Education Act** on December 10, following passage of the measure in the Senate ([85-12](#)) on December 9 and the House ([359-64](#)) on December 2. The law is a compromise of the two versions of the bill passed by the different chambers [back in July](#). This is the first rewrite of the No Child Left Behind Act, which technically expired in 2007. However, Congress's failure to pass a new education law meant that NCLB remained intact until now. The new Every Student Succeeds Act will shrink the federal government's role in public school systems while giving more power to state and local agencies. It will also reduce annual testing requirements for high school students.

The House and Senate both passed a compromise **transportation bill** on December 3, which was signed into law by President Obama the following day. The law reauthorizes highway and public transit programs, as well as Amtrak, for five years, with a total cost of \$305 billion. This is the first time Congress has passed a long-term highway bill in a decade.

Advocates had hoped Congress would complete reauthorization of child nutrition programs this fall, as the law governing them expired on September 30. While there were some efforts to attach a full reauthorization bill to the omnibus, that didn't happen. **The Child Nutrition and WIC Reauthorization Act**, which sets the policy and funding structure for all of the federal school meal and child nutrition programs, including National School Lunch, Summer Food Service Program, the Special Supplemental

Nutrition Program for Women, Infants and Children (WIC) and others, is now expected to be considered by Congress early next year. Many of these programs are permanently authorized (subject to Congress funding their operations), but Congress reviews the laws governing them every five years. While a full reauthorization bill wasn't included in the omnibus, funding for FY16 for these programs was. For example, the WIC program received \$6.35 billion, which is less than last year's funding level and the level requested by the President but is expected to support the anticipated caseload at this time. The summer EBT program, which provides debit cards to families with children who receive free or reduced-price meals at school to use during the summer, received \$23 million, up \$ 7 million from FY15 levels. The omnibus does, however, maintain existing language that allows waivers of the school whole grain requirement and postpones full implementation of the sodium requirement. For more information on what else was included in the omnibus, see the related article in this *Human Needs Report*.

The House Ways and Means Subcommittee on Human Resources released a [discussion draft](#) of reauthorization legislation for the **Temporary Assistance for Needy Families (TANF)** program in July. The TANF block grant has not been fully reauthorized in recent years, but has instead been temporarily extended a number of times since it was last due for reauthorization in 2010. While the omnibus did not include a full reauthorization of TANF, it did include an extension of the funding for TANF through FY16. A full reauthorization of the program may or may not be taken up next year.

Advocates had hoped to see further movement of the **Sentencing Reform and Corrections Act of 2015**, which passed the Senate Judiciary Committee in October. As noted in the [October 26 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. Despite having strong bipartisan support, the bill has yet to be brought up for a vote on the Senate floor. There is still hope it will be taken up in the new year.

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