



COALITION ON HUMAN NEEDS

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Negotiations on Final Tax Bill Hit Some Snags

House and Senate leaders were expected to release this week a merged tax bill that works out the differences in the versions previously passed by the House and Senate, but the latest reports are that final votes will be delayed until the week of December 18. Differences among Republicans have not all been resolved. A dispute about the estate tax was aired by 53 Republican House members, who issued a letter calling for the total repeal of the estate tax in the final tax legislation. The House bill included such a repeal; the Senate version doubles value of estates exempted from the tax to \$22 million for couples but does not repeal the estate tax outright. President Trump has also called for ending the estate tax. The Senate reduction in the estate tax costs \$83 billion over ten years; the House repeal costs \$151 billion. Any additional revenue loss must be made up in some way so that the total cost of the tax legislation does not exceed \$1.5 trillion, as called for in the initial budget instructions. (If the cost grows larger, the bill will need an unreachable 60 votes to pass in the Senate, instead of a simple majority.)

Other concerns about the bill remain, including objection to the size of the deficit, support for the slight improvements in the refundable portion of the Child Tax Credit in the Senate version (or making further improvements in it), and questions about whether the repeal of the Affordable Care Act's individual mandate can be mitigated. Members of Congress from high-tax states remain unhappy about the loss of state and local tax deductions, but further changes in this provision may not be forthcoming.

Similar to the House and Senate versions, the negotiated bill is expected to give trillions of dollars in tax cuts, disproportionately to the wealthy and big corporations, and add nearly \$1.5 trillion in debt over 10 years. While there will likely be some tax cuts for middle class families in the earlier years, many will actually see increases.

Added to the Senate version of the bill, the conference bill is expected to include a repeal of the individual mandate of the Affordable Care Act, which requires that all individuals obtain health insurance or pay a penalty. Senate leadership and President Trump made assurances that two other health-related bills would be passed before the end of the year in exchange for Sen. Susan Collins' (R-ME) support of the tax bill with the individual mandate repeal included. One piece, known as the Alexander-Murray legislation, would fund the ACA's cost sharing reduction subsidies for two years. Another bill, sponsored by Sen. Collins and Sen. Nelson (D-FL), would provide funding for two years for states to set up reinsurance programs that help pay for high-cost patients. However, many House Republicans are opposed to the passage of these bills. "That's just not going to happen," Rep. Tom Cole (R-OK) said last week, according to **CQ**. The nonpartisan Congressional Budget Office said the repeal of the individual mandate could result in up to 13 million more uninsured Americans and a 10 percent increase in average premiums. It also said that passage of the Alexander-Murray bill would not change those projections. The "assurances" provided to Senator Collins appear far less firm, and it is not likely that the bills she seeks can be voted on before the final tax vote. All this has put increasing pressure on her to oppose the tax bill.

Because the tax bills would add to the deficit, both would result in automatic cuts under the Statutory Pay-As-You-Go Act of 2010, known as PAYGO. The law specifies cuts to be made to all federal programs except those specifically exempted in the law. Congress has authority to waive the cuts and is expected to do so this time as well.

Advocates are fighting hard against these tax cuts, calling them a one-two-three punch inflicted on low- and middle-income Americans. First, people are hurt in the near-term by seeing their taxes go up from the loss of deductions or credits; the bills eliminate many deductions and credits low- and middle-income families rely on, including certain college deductions and credits, state and local income and sales tax deductions, and the Child Tax Credit for immigrant families. Next, larger deficits created by these cuts will be used as an excuse to cut domestic programs. House Speaker Paul Ryan (R-WI) and other GOP leaders have already stated that the deficit, which will increase by \$1 – 2 trillion as a result of the tax bill, will be justification to cut programs and services Americans rely on, such as Medicaid, SNAP, SSI, education, housing, and others that help families afford basic living standards. These cuts will come on top of [years of cuts](#) sustained by some of these programs. Finally, some tax changes that could have been used to invest in real national priorities, such as using the money saved by reforming the mortgage

interest deduction to increase affordable housing for low-income families, will instead be given to the rich and wealthy corporations.

For more information on the House tax cut bill, see the [Nov. 3 edition of the *Human Needs Report*](#) and [this blog](#). For more information on the Senate tax cut bill, see the [Nov. 13 edition of the *Human Needs Report*](#) and [this blog](#).

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Congress Avoids a Shutdown – For Now – With Two-Week Stopgap

With little time to spare, Congress agreed to a two-week stopgap spending bill to avoid a government shutdown. The House passed ([235-193](#)) the bill, known as a Continuing Resolution, on Thursday, December 7, with the Senate following ([81-14](#)) later that day, just one day before the previous CR expired. The CR will provide flat funding for most government operations through December 22. The bill also provides funding to allow states to continue to run the Children’s Health Insurance Program (CHIP) through the end of the month, and extends funding for the federal flood insurance program through Dec. 22 for communities rebuilding from recent hurricanes. For more information on CHIP, see the related article in this *Human Needs Report*.

The purpose of the two-week CR is to give lawmakers additional time to reach a deal on topline spending levels for FY18, which began October 1. A bipartisan deal is required to lift the tight spending caps and automatic cuts (also known as sequestration) that are scheduled to go back into effect for FY18 and that would require a \$5 billion cut below FY17 appropriations totals (\$2 billion from defense and \$3 billion from nondefense annually-appropriated programs). Unless a deal is reached, Democrats could filibuster a spending package in the Senate. Democrats have been firm in their position that the principle of parity must be maintained; that is, any additional money given to defense programs should be matched by money for nondefense programs. Advocates will also be ready to oppose cuts to mandatory programs such as Medicaid or SNAP as a way to pay for increases beyond the caps, as well as possible poison pill riders, or controversial policy changes, that members of Congress may try to add to any spending package.

If a budget deal is reached, Congress could pass another CR on or before Dec. 22 that would fund the government through mid- or late- January. This would give them time to pass an “omnibus” spending package that would combine the 12 required spending appropriations bills covering all government agencies in one package.

The threat of a shutdown still looms, however. Some House Republicans are [pushing](#) leaders to pass a full-year FY18 Defense spending bill that breaks spending caps alongside a Dec. 22 CR for the rest of the government. Democrats are opposed to this, however, because they lose all leverage in the year-end spending negotiation if military increases are passed first. Democrats are instead pushing for other things to be included with the Dec. 22 CR, including full funding for the Children’s Health Insurance Program (CHIP), opioid use treatment and other health-related programs, reinstating legal status for the

“Dreamers” who have benefited from the Deferred Action for Childhood Arrivals (DACA) program, disaster aid for Puerto Rico and other areas, and other provisions they consider must-pass this year. More than 100 national organizations jointly signed a [letter](#) to Congress calling for must-pass legislation to be enacted before the holidays, including parity for increases in non-defense and defense items, renewal of CHIP, community health centers, and the Maternal and Early Childhood Home Visiting Program, help for the Dreamers, and disaster relief. For more on these topics, see the related articles in this *Human Needs Report*. The Juvenile Justice and Delinquency Prevention Act (JJDP A) is also among the many programs Congress has delayed reauthorizing. The [JJDP A](#) provides direction and support for state juvenile justice system improvements and has significantly contributed to the reduction of juvenile crime and delinquency, but has been overdue for reauthorization since 2007.

Democrats have also repeatedly said they will not vote for a spending bill that includes money for President Trump’s border wall, while President Trump has said he will veto any spending bill that doesn’t include this money.

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Puerto Rico, Virgin Islands and Others Wait for Needed Disaster Aid

Months after hurricanes hit Puerto Rico, the U.S. Virgin Islands, Texas, and Florida, the need for additional funding to help these communities rebuild is still great. On Nov. 17, the Trump administration submitted a request to Congress for an additional \$44 billion in aid for these areas. Many lawmakers on both sides of the aisle quickly denounced the request as being inadequate; Puerto Rico’s governor, for example, has requested an additional \$94.4 billion in aid for the territory alone. No funds were included in the request for victims of the wildfires in California; direct Medicaid assistance for Puerto Rico was also left out of the administration’s request. Even worse, the Trump proposal required cuts in other programs to pay for the disaster relief, including another two years of cuts to Medicare (2 percent Medicare cuts were previously imposed for years as part of the way Congress paid for deficit reduction, or offset other spending increases).

Congress increased the amount of disaster aid above the White House’s requests with the first two aid packages, but it remains to be seen if they will do so again with this third package. While this third disaster aid package was expected to move in December, no progress has been made on it so far. It is expected that it could be attached to the stopgap spending bill that will move later this month. Advocates are concerned that the delay will hurt U.S. citizens in Puerto Rico and the U.S. Virgin Islands, many of whom are still without power, water, adequate food, and shelter. Recent [news stories](#) have documented as many as 1,000 additional deaths in Puerto Rico since Hurricane Maria as compared with death reports over the same period a year before. Most of these deaths have not so far been attributed to the storm, but these unusual deaths from infections and other conditions seem related to the lack of power and other problems at health facilities that continue long after the hurricane. Congress has already approved \$51.75 billion for hurricane-hit areas in the two previous disaster aid packages passed in September and October.

On Nov. 3, 28 Democratic senators, including Minority Leader Chuck Schumer (D-NY) and Appropriations Committee Ranking Member Patrick Leahy (D-VT), on Nov. 3 sent a [letter](#) to White House Office of Management and Budget Director Mick Mulvaney with their wish list for what should be in a third disaster aid package. The list included funding for housing assistance, food assistance, public health assistance and Medicaid support, and infrastructure repairs, as well as assistance with Puerto Rico's existing debt crisis. They also insist the relief come in the form of emergency spending, without requiring cuts in other spending areas to offset the funds. Offsetting the funding would break longstanding congressional practice and contradict the definition of emergency spending included in the law.

In another blow, Puerto Rico's Treasury Secretary recently warned that a provision in the House tax cut bill could cause the territory's government to lose as much as one third of its revenue. Representatives from Puerto Rico are reportedly trying to keep the change, which would impose a 20 percent excise tax on goods purchased there, out of the final bill that's being negotiated between House and Senate leaders. Puerto Rico already faces a \$74 billion debt and \$100 billion in damage from Hurricane Maria.

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Children's Health Insurance Program Gets Temporary Support, but Long-Term Funding is Needed

While Congress has yet to come to an agreement on renewing long-term funding for the Children's Health Insurance Program (CHIP), community health centers (CHCs), and several other health-related programs, states will have money to continue their CHIP programs through the end of December thanks to a provision of the two-week stopgap funding measure Congress passed last week. Funding for CHIP expired on September 30; according to the *Washington Post*, officials in nearly a dozen states are either [already notifying](#) families or are [preparing to notify families](#) that CHIP health insurance coverage may end soon due to lack of federal funding. States forced to end the program will need to determine whether enrolled children are eligible for the state Medicaid program or whether their family will need to seek insurance through a Patient Protection and Affordable Care Act marketplace plan.

Advocates fear this will cause confusion and undue stress for families, and ultimately, loss of coverage if Congress does not act soon. More than 9 million children currently receive health care coverage under CHIP. More than 26 million people visited CHCs at almost 10,000 locations nationwide. Failure to renew CHC funding could also lead to 161,000 jobs lost and \$15.6 billion in reduced state economies, according to a [new report](#).

The House passed ([242-174](#)) a bill to renew funding for CHIP, CHCs, and several other health-related programs on Nov. 3. While advocates were pleased that the bill included CHIP funding for five years, they disagree with how the House bill would pay for this funding, namely by cutting the Prevention and Public Health Fund by \$6.35 billion over 10 years. Established by the Affordable Care Act, the fund provides vital support to state public health departments and the Centers for Disease Control and Prevention. The House bill also would increase Medicare premiums for higher-income enrollees.

According to [Families USA](#), the House plan would also allow insurers under the Affordable Care Act to dramatically reduce “grace periods” for consumers who are late with a payment, and it would allow insurers to deny health care to pregnant women and children while back-office billing issues are being resolved. Advocates fear these changes would result in up to [500,000](#) people a year could lose coverage, and delays in care could lead to harmful birth outcomes and children’s developmental delays.

At present, the most likely path forward for long-term CHIP and CHC funding, as well funding for the Maternal, Infant and Early Childhood Home Visiting Program (MIECHV) and other health programs, looks to be as an add-on to a stopgap spending bill expected to be passed later this month to keep the government funded into January. Such a health package could also include legislation by Senators Alexander (R-TN) and Murray (D-WA) that would continue the payments to insurance companies (known as cost-sharing reductions, or CSRs) and legislation from Senators Collins (ME) and Nelson (FL) that would provide very modest funding for two years for states to set up reinsurance programs that help pay for high-cost patients. CSR payments cover the insurers’ costs of lowering deductibles and other out-of-pocket costs for lower-income marketplace enrollees. The Trump administration [announced](#) in October that it would halt CSR payments. Senator Collins made the enactment of these two bills a condition for her vote in favor of the Senate tax bill. However, the House has not agreed to their passage (see article on the tax bill elsewhere in this issue).

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Despite Bipartisan Support, DACA Deal Still in Limbo

Members of Congress and President Trump still have yet to agree upon a legislative solution for Dreamers, months after the President announced in September that he was rescinding the Deferred Action for Childhood Arrivals (DACA) program. At the time, the President gave Congress until March 5 to come up with a legislative solution for the nearly 800,000 young immigrants brought to the U.S. as children who currently benefit from DACA. Advocates [rallied](#) in Washington, D.C. and across the country last week for a fix for the 122 Dreamers who are being discontinued from DACA each day – more than 10,000 so far. Advocates have been pushing to attach a DACA fix to the stopgap spending bill that will need to be passed later this month to fund the government into the next year. There is bipartisan support for passing a DACA fix this year – on Dec. 5, more than 30 Republican members of the House sent a [letter](#) to House Speaker Paul Ryan (R-WI) in support of passing DACA legislation before the end of the year, and two Florida Republicans, Reps. Ileana Ros-Lehtinen and Carlos Curbelo, have said they will not vote for spending bills later this month unless the legislation includes language to protect Dreamers. Not all are on board, however; Senate Majority Whip John Cornyn (R-TX) [reportedly said](#) there was “no way” a year-end spending bill would include DACA language. Both advocates and Congressional Democrats are very firm in seeking permanent legal status such as the Dream Act for those who would qualify for DACA before Congress leaves for the holidays to prevent further damage to DACA recipients and their families. President Trump has repeatedly said he wants any immigration deal to include increased funding for border security, including a wall along the U.S.-Mexico border, as well as ending “chain migration” in which immigrants with legal status can petition to bring relatives to the U.S. Other

proposals from the GOP may include codifying DACA for current recipients but not for all eligible recipients, and not providing a path to citizenship. If the Republicans who signed the letter calling for legal status for the Dreamers are added to most Democrats, there are the votes to protect the Dreamers before the holidays, most likely in the Senate as well as the House, if the leadership will allow it to be taken up.

Advocates are also pushing for the Trump administration to continue or reinstate the Temporary Protected Status (TPS) designation for 320,000 immigrants in the U.S. who have fled violence and/or natural disasters, many of whom have lived in the U.S. for decades and have U.S. citizen children. On Nov. 6, the Department of Homeland Security announced that the Temporary Protected Status (TPS) designation extended to 2,500 Nicaraguans will be terminated on Jan. 5, 2019. For more on TPS, see the November 13 Human Needs Report and [UnidosUS](#).

In other immigration news, the Supreme Court on Dec. 4 announced that the third version of President Trump's travel ban can be fully implemented while lawsuits opposing the policy are continuing. The ban, issued by President Trump in September limits visas for entry into the U.S. by citizens of eight countries, six of which are majority Muslim. Karen Tumlin, legal director of the National Immigration Law Center, said in a [statement](#), "Any form of the Muslim ban is an attack on the values we aspire to as a nation, and we will continue to stand with community leaders and all those affected to ensure that such hateful and divisive policies have no home here."

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We appreciate your input. Give us your thoughts on our *Human Needs Report* at limbery@chn.org.
