



# COALITION ON HUMAN NEEDS

## The Human Needs Report

May 27, 2014

### IN THIS EDITION

**APPROPRIATIONS: House and Senate Appropriators Set FY 2015 Subcommittee Spending Levels;**  
*Mikulski Ekes Out a Few More Domestic Dollars Within Tight Caps*

**APPROPRIATIONS: FY 2015 Agriculture Appropriations Bills Move in House and Senate**

**TAX EXTENDERS: Tax Extenders Stall in Senate**  
**Legislation to Limit Corporations from Moving Abroad Introduced**

**SOCIAL SERVICES: Hypocrisy Surrounding Foster Care Bill Reversed After Being Called Out**

---

### **WE APPRECIATE YOUR INPUT**

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

---

### **House and Senate Appropriators Set FY 2015 Subcommittee Spending Levels;** *Mikulski Ekes Out a Few More Domestic Dollars Within Tight Caps*

Both the House and Senate Appropriations Committees have allocated the total funding approved by Congress for FY 2015 appropriations among their 12 subcommittees. Both Committees are living within the appropriations caps set by Congress in 2013, when it set totals for FYs 2014 and 2015. The nearly \$1.014 trillion for FY 2015 appropriations is a tight cap,

only \$1.4 billion more than spending this year. If the current spending level had been adjusted for inflation, FY 2015 spending would have risen nearly \$19 billion.

Within this tight cap, there was not a lot of room for major differences. (*See a [table showing all the subcommittee amounts, called the 302\(b\) allocations, with comparisons to FY 2010.](#)*)

Chairwoman Mikulski (D-MD) and her Senate committee managed to put \$1.1 billion more in Labor-HHS-Education than the House appropriators did. The Senate also added \$2.4 billion more to Transportation-Housing and Urban Development (HUD) than Chairman Hal Rogers (R-KY) and his committee provided. The Senate appropriators provided \$1.35 billion less to the Defense subcommittee than the House did.

Congress allows itself a means of getting around these caps that primarily benefits the Pentagon. In addition to \$1.014 trillion for appropriations, Congress has been approving Overseas Contingency Operations (OCO) funding. Intended to support the war operations in Iraq and Afghanistan, defense appropriators who have not wanted to live within the spending caps for their regular programs have managed to slip some non-war-related spending into OCO. In FY 2014, OCO spending was nearly \$92 billion, and perhaps one-third of that was not for funding directly related to Afghanistan or Iraq operations. For FY 2015, the House estimates OCO funding will be \$85.3 billion. The Senate Appropriations Committee has not yet released its total for OCO funding.

Until the Senate OCO estimate is made public, analysts cannot tell whether its lower amount for Defense is made up by shifting more spending into Overseas Contingency Operations. Senate appropriators are reported to have shifted as much as \$2.7 billion out of State-Foreign Operations to OCO. The Senate allocation for this subcommittee is \$2.7 billion lower than the House provided. By making this shift, Senate appropriators freed up money that can be used for domestic programs. This maneuver, plus some shifting of mandatory funding (not subject to annual appropriations), helped Chairwoman Mikulski and her majority in the Committee to spend more than the House did for the key domestic priorities in Labor-HHS-Education and Transportation-HUD.

These shifts did not sit well with Republican appropriators, who departed from the bipartisan approach that has marked appropriations decisions in the Senate by voting against the allocations. They were adopted on a party line vote of 16-14 in the Senate Appropriations Committee on May 22.

Allocating money among the subcommittees is a necessary step so each can work out detailed program-by-program spending recommendations. So far, House Appropriations Subcommittees for Agriculture, Commerce-Justice-Science, Legislative Branch, Military Construction-VA, and Transportation-HUD have reported out bills, with Legislative Branch and Military Construction-VA so far having been passed by the full House. The Senate Subcommittees for Agriculture and Military Construction-VA have reported out their bills.

The constraints on appropriations are apparent when comparing subcommittee totals to the figures approved in FY 2010. As CHN's appropriations table shows, in FY 2010, Agriculture was funded at \$23.3 billion, and would decline to \$20.6 billion under the Senate allocation for FY 2015. In FY 2010, Labor-HHS-Education was funded at \$163.6 billion. The Senate provides \$156.8 billion for FY 2015. Transportation-HUD declines over the same period from \$67.9 billion to \$54.4 billion in the Senate, or \$52 billion in the House.

The extra funding the Senate will provide to Housing and Urban Development programs is urgently needed. The House appropriations bill for FY 2015 does not include enough funding for rental housing vouchers. Its funding level would continue the loss of 70,000 rental vouchers that resulted from sequestration cuts in FY 2013, and would cut other housing and homelessness programs. (For more information, see the Center on Budget and Policy Priorities' [House HUD Bill Would Cut Assistance to Low-Income Renters.](#))

*(See the CHN [table](#) showing all the subcommittee amounts, called the 302(b) allocations, with comparisons to FY 2010.)*

### **FY 2015 Agriculture Appropriations Bills Move in House and Senate**

FY 2015 Agriculture Department funding bills saw action in both chambers last week, complete with controversy over Congressional attempts to override guidelines set by nutrition experts for school lunches and the Women, Infants and Children (WIC) supplemental nutrition program. Agriculture Appropriations Subcommittees in both the House and Senate approved their bills on May 20, with the full Senate Appropriations Committee approving its bill by a 30-0 vote on May 22.

The issue surrounding the WIC program centered on what program participants are allowed to purchase with their WIC vouchers. Based on recommendations from experts at the National Academy of Sciences' Institute of Medicine (IOM), recipients are currently allowed to use their vouchers to purchase certain foods, including fresh fruits and vegetables other than white potatoes (the IOM concluded that the women and children served by WIC get enough starchy vegetables in their diets without needing a voucher for white potatoes). However, when the Senate Appropriations Committee took up their bill last Thursday, Senator Susan Collins (R-ME) and Chairman Mark Pryor (D-AR) offered an amendment to include white potatoes in the WIC food package, second-guessing the judgment of scientific experts. The amendment passed, though in a nod to compromise, it allows the USDA to cut potatoes from the package in the future if a mandatory study deems they shouldn't be included. The House version of the bill also includes language incorporating white potatoes as an acceptable part of the package.

The school lunch controversy centers around the nutrition standards set by the Healthy, Hunger-Free Kids Act of 2010. Despite the fact that over 90% of schools have already successfully implemented the standards, the House version of the bill requires the USDA to let schools waive

out of the nutrition requirements if the school's program has been losing money over a six-month period. The USDA released a [statement](#) from Agriculture Secretary Tom Vilsack calling the bill "a major step backwards for the health of American children." However, in what was seen by many as a partial compromise, the USDA also issued a [press release](#) shortly after the House subcommittee passed its bill announcing it would allow schools an additional two years to meet the requirement that 100% of pastas in schools be high in whole grains. The agency asserted that this move followed complaints from schools that many of the whole grain pasta products currently available don't hold up when prepared in large quantities in school cafeterias. On the Senate side, reports that Senator John Hoeven (R-ND) planned to offer amendments that would freeze or delay the whole grain requirements as well as an upcoming reduction in sodium levels didn't come to fruition, mainly because of a compromise amendment offered by Senator Tom Harkin (D-IA). Harkin's amendment would keep in place the sodium reductions required for the upcoming school year but would require further study that may delay additional sodium reduction requirements set to take place in 2017. It would also require the USDA to report to Congress on alternatives if the availability of whole grain-rich products is limited. It does not, however, provide waivers for schools or delay any other nutritional requirements set to go into effect this fall.

For many advocacy groups, these two controversies signal a dangerous shift in policy and precedent, one in which Congress bypasses recommendations from scientists, nutritionists, and health experts and instead puts special interests and profits ahead of making sure kids get a healthy start in life. In the 40-year history of WIC, this is the first time Congress has intervened in decisions on the food package. However, if this inclusion is ultimately approved by Congress, many advocates worry that other food industries will lobby for their products' inclusion in the package in the future. And at a time when childhood obesity continues to be a major health problem in our country, many advocates feel the nutrition standards for WIC and the school lunch program – both of which have a large impact on the health of our children – shouldn't be left up to political games.

Both bills include roughly \$6.6 billion for the WIC program which, according to the Senate Appropriations Committee, will fully fund benefits for the more than 8 million women expected to participate. Funds in the bills also support the Commodity Supplemental Food Program, which provides nutritious monthly food packages to low-income seniors, the Emergency Food Assistance Program (TEFAP), competitive grants for schools to purchase equipment to help in the preparation of healthier meals, and other programs.

The House bill is expected to be before the full House Appropriations Committee this Thursday. The Senate plan is to move its spending bills to the floor in late June or early July, with the goal of having all 12 spending bills approved by July 10.

### **Tax Extenders Stall in Senate**

### **Legislation to Limit Corporations from Moving Abroad Introduced**

The Senate and the House are taking different approaches to extending dozens of temporary tax cuts that have expired or are scheduled to expire. Known as “tax extenders” because Congress has for years routinely extended them, these tax breaks predominantly benefit business. Several of the most expensive of the tax loopholes make it possible for multinational corporations to pay little or no U.S. taxes. The Senate is using a shorter-term comprehensive approach to extending nearly 55 tax breaks for two years, while the House has begun moving selected provisions individually and making them permanent.

While the Senate and House tax-writing committees are working to extend tax breaks for corporations, separate legislation has been introduced in both bodies to restrict one of the particularly egregious loopholes corporations use to avoid taxes.

**Senate Action:** On April 3, the Senate Finance Committee passed by a voice vote a retroactive two-year \$85 billion package of the 55 tax extenders for 2014 and 2015 that expired at the beginning of this year. Advocates objected to the uncontested willingness of both Republicans and Democrats to pass the package without offsetting the cost while unemployment insurance, also within Finance Committee jurisdiction, did not pass in the Senate until it was paid for. (*see April 14 [Human Needs Report](#)*). Majority Leader Reid (D-NV) filed a cloture motion (to limit debate), setting up a first vote on the Senate floor. On May 15, that vote failed to garner the 60 votes necessary to advance the bill so that it could be debated and voted on. Senator Mark Kirk (R-IL) was the only Republican to join Democrats and Independents to cut off debate. Leaders Harry Reid (D-NV) changed his vote to ‘no’ so that he could bring the extenders package up for a vote again at a later time.

While Republicans support the extenders package, they objected to not being allowed to offer amendments. Leader Reid was not about to allow votes on controversial amendments. One amendment Republicans wanted to offer would repeal the 2.3 percent medical device tax which pays for part of the Affordable Care Act.

**House Action:** On April 29, the House Ways and Means Committee passed with almost straight party line votes a *permanent* extension of six corporate tax expenditures. The package of bills costing \$310 billion over ten years passed without any offsetting revenue increases. On May 9, perhaps the most popular bill in the group, the tax credit for corporate research (H.R. 4438) was taken up on the House floor and got a resounding, veto-proof majority of [274-131](#). (*See May 12 [Human Needs Report](#)*.)

The House Ways and Means Committee reportedly plans to mark up another package of tax extenders on May 29. Businesses are allowed to take tax deductions for the cost of new equipment, software, and buildings as they lose value, or depreciate, over time. *Bonus* depreciation allows companies to deduct these expenses on an accelerated timeline, supposedly as an incentive to invest. Citizens for Tax Justice released a [paper](#) that questions the effectiveness of this tax break and estimates that this most expensive of the tax extenders costs \$281 billion in lost revenue over 10 years. Along with bonus depreciation, the Committee will mark up bills to extend the IRA charitable rollover, make permanent the charitable deductions for food inventory and property donated for conservation, and modify the excise tax on investment income of private foundations.

Many believe that the tax extenders will not be finalized until after the fall elections.

**Bill to Limit Corporate Tax Avoidance.** On May 20, Senator Carl Levin (D-MI), Chairman of the Permanent Subcommittee on Investigations within the Senate Homeland Security and Government Affairs Committee, and Representative Sander Levin (D-MI), Ranking Democrat on the House Ways and Means Committee, introduced the Stop Corporate Inversions Act of 2014 (H.R. 4679 in the House/no bill number yet in the Senate). The most recent effort by Pfizer Inc. to merge with the much smaller British drug maker AstraZeneca provided impetus for the brothers from Michigan to introduce these bills, although their concern about corporations hiding income offshore predates the Pfizer bid. Under current law the merger would enable Pfizer to change its corporate residence to Britain and wipe out all U.S. tax liability on its \$73 billion in earnings now parked in offshore subsidiaries. Currently, such mergers are legal if at least 20 percent of the stock is foreign-owned. The legislation would increase that to 50 percent and be applied to mergers that take place after May 8, 2014. A provision in the President's 2015 budget is similar to the legislation.

Some Republicans claim to support the legislation but argue that the issue should be dealt with in comprehensive tax reform. While the Senate version gives a nod to that approach by sun-setting after two years, Senator Levin believes action is urgently needed. [He said](#), "The Treasury is bleeding red ink, and we can't wait for comprehensive tax reform to stop the bleeding. Our legislation would clamp down on this loophole to prevent corporations from shifting their tax burden onto their competitors and average Americans while Congress is considering comprehensive tax reform." The House bill makes the change permanent.

The Coalition on Human Needs is a member of Americans for Tax Fairness, which has sent [letters](#) to Senator and Representative Levin in support of their legislation. Given the power corporations wield, it will be difficult to pass this legislation aimed at reining in one form of corporate tax avoidance.

### **Hypocrisy Surrounding Foster Care Bill Reversed After Being Called Out**

On May 20, the House passed the Preventing Sex Trafficking and Improving Opportunities for Youth in Foster Care Act (H.R. 4058), restoring an important provision that had previously been stripped out. Prior to being taken up in the House Ways and Means Committee, the provision, which would provide youth aging out of foster care with documents they needed to get started in life, was stripped by Republicans because of its \$1 million cost and lack of an offsetting cut. Refusing to provide birth certificates, Social Security cards, health insurance information, medical records, and bank accounts became even more controversial after the Committee went on to pass \$310 billion in corporate breaks without paying for them (*see May 12 [Human Needs Report](#)*). The hypocrisy of the Committee's actions angered many advocacy groups, who called out Republican members of the Committee for putting the concerns of corporations above those of youth for whom the state has responsibility. Rep. Lloyd Doggett (D-TX) made an agreement with Chairman Dave Camp (R-MI) to discuss ways of putting the language back before the floor vote. The provision was restored in the bill and passed the House intact.

In addition to the documents provision, H.R. 4058 requires states to take important steps to prevent youth in foster care from becoming victims of sex trafficking, as well as to improve data collection and reporting of instances of sex trafficking of children in the foster care system. A bill that contains similar language around trafficking and also contains language on adoption incentives and child support (S. 1870) was reported out of the Senate Finance Committee last December. The Senate bill contains similar language on providing birth certificates, Social Security cards, and bank accounts to youth as they age out of the foster care system, though it doesn't specify the addition of medical records and health insurance information. The timetable for completing work in the Senate is not certain.