



COALITION ON HUMAN NEEDS

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Congress Fails to Agree on Funding for Humanitarian Crisis

Members of Congress headed home for a five week recess last Friday without having reached an agreement on an emergency supplemental spending bill that would provide additional funds to deal with the child refugee crisis along the US border.

The Senate narrowly overcame a procedural hurdle in a vote ([66-33](#), 60 votes were needed) last Wednesday on its bill (S. 2648), but Senate Republicans killed the bill in a vote Thursday night

([50-44](#), again 60 votes were needed). The Senate bill would have provided \$1.2 billion for the Department of Health and Human Services (HHS) programs for housing and basic needs and services for the children. The remainder of the \$2.7 billion in the bill for the humanitarian crisis would have been used for more border enforcement, to add more judges and legal teams to process cases, to transfer children to more appropriate family settings, and to seek better international solutions. Republican Senators objected to the funds being deemed as emergency spending, meaning offsetting cuts were not required. They also hoped to offer amendments that would have changed a 2008 trafficking law to strip protections available under current law for child refugees from non-contiguous countries, allowing for speedier deportations without properly assessing children's request for safe haven, and objected when Senate Majority Leader Harry Reid (D-NV) said that no amendments would be allowed.

After the GOP-led House flip-flopped on whether to vote on its drastically scaled-back border supplemental spending bill (H.R. 5230) last Thursday, they passed ([223-189](#)) the bill Friday night after making changes to the legislation to garner additional Republican support. They also passed ([216-192](#)) another bill (H.R. 5272) to end funding for a program known as the Deferred Action for Childhood Arrivals ([DACA](#)), which defers deportation and provides two-year work visas for certain undocumented youth who came to the U.S. as children and have been here since 2007. The House was originally scheduled to vote on the measures on Thursday afternoon, but GOP leaders pulled the legislation after it became clear that they didn't have enough votes for passage because many right wing Republicans said it didn't go far enough to crack down on illegal immigrants. It looked like they were set to go home without acting on the issue, but after a Thursday afternoon huddle, it was announced that they would delay the start of their recess (scheduled to begin at the end of the day on Thursday), tweak the bills (including making the anti-DACA language stronger and adding more funding to deploy National Guard troops to the border), and vote on them on Friday. As passed, H.R. 5230 would provide \$405 million for border enforcement and just over a third (\$405 million) of what the Senate bill would provide to help HHS cope with providing housing and services for the children in the current fiscal year. The remainder of the \$694 million in the bill would go the Justice Department to process more cases, the State Department for repatriation and reintegration activities, and deploying National Guard troops to assist at the border. It also makes the changes to the 2008 trafficking law the Senate Republicans had sought, making it easier to deport the unaccompanied children.

The White House issued a veto threat on H.R. 5230 on Wednesday, saying in a [Statement of Administration Policy](#) that it will "undercut due process for vulnerable children which could result in their removal to life threatening situations in foreign countries" and that it "could make the situation worse, not better." President Obama had previously sent Congress a [supplemental spending request](#) for \$3.7 billion. Many advocates also opposed the House bill and believed that the Senate bill was a better option because it provided more money for temporary shelter, processing cases, transferring children to more appropriate family settings, providing for their basic needs, and seeking better international solutions. They also felt that the U.S. must not turn its back on children fleeing violence but instead determine fairly whether these refugees meet the legal standards for staying here. Advocates opposed the policy changes in the House bill that would that deny protections available under current law, and they opposed requiring that other programs be cut in order to meet these emergency needs, which the House bill requires. They also oppose ending funding for DACA.

According to CQ, Senate Majority Whip Richard Durbin (D-IL) said Congress may try to add the supplemental funding to a continuing resolution expected in September (*see article elsewhere in this issue*). Homeland Security Secretary Jeh Johnson previously [told Congress](#) that funds to deal with the crisis will start to dry up in mid-August. Without additional funding, the administration may have to do additional shifting of funds within agencies, an act known as reprogramming, to cover basic functions for the children. Some shifting has already been done – HHS’s Office of Refugee Resettlement [shifted \\$94 million](#) from refugee services programs to deal with the border crisis, and [\\$44 million has been shifted](#) from places like the National Institutes of Health and the Centers for Disease Control and Prevention. There are limits on how much money can be shifted within an appropriation, and it’s unclear how much more can be done in FY 2014.

Following Friday’s activities, President Obama said he may have to “[act alone](#)” to fill the gap in resources, signaling that [executive action](#) may be pending. The White House also released on Friday a [recap](#) of the government’s response to the border crisis so far. House Republican leadership released a [statement](#) on Thursday saying that “There are numerous steps the president can and should be taking right now, without the need for congressional action, to secure our borders and ensure these children are returned swiftly and safely to their countries.” However, advocates point out that this statement seems to be in conflict with previous statements by Republicans in the House that say that the President has overstepped his authority; indeed, the House voted ([225-201](#)) on Wednesday to [sue President Obama](#) because of his use of executive power.

For more information, see CHN’s July 22 [Human Needs Report](#), as well as several recent articles on our blog, including the “[Fact of the Week](#)” showing that Americans want the U.S. to give shelter and support to the child refugees, a [new Q&A on the Child Refugee Crisis](#), and [a piece on why Congress needs to act to help children fleeing violence](#).

Congress Behind Schedule on Appropriations Bills; Stopgap Spending Piece Looks Unavoidable

To date, the House has passed seven of the 12 required FY 2015 appropriations bills. The Senate has passed eight bills out of committee, but none have been brought to a floor vote due in part to the possibility of contentious amendments. With August recess and election activity constraining the legislative schedule, Congress will almost certainly have to pass a continuing resolution (CR) to serve as a stopgap spending measure. The resolution will allow Congress to avoid a government shutdown when the new fiscal year begins October 1st.

While the exact timeline for the continuing resolution is unclear, it is expected to pass Congress in September and fund the government into November or December. In most cases, a CR maintains current levels of funding, sometimes with a few exceptions for specific programs. This postpones choices about the best use of the limited funds available. Human needs organizations that receive federal funding cannot plan for the rest of the year when they are stuck for two or three months or more at current levels. Differences between the House and Senate make it unclear whether specific programs will gain, lose, or stay the same once a permanent funding bill passes Congress. The lack of clarity is especially true for the Departments of Labor, Health and

Human Services, and Education, because neither the House nor Senate had gotten their appropriations bills for these programs through their full Appropriations Committees. To stake out funding levels it hopes will prevail in a future negotiation, in July the Senate Appropriations Subcommittee for Labor-HHS-Education released the [full detail](#) of what it had earlier approved.

In its initial [allocating](#) of the total for appropriations, the Senate had provided the same amount for Labor-HHS-Education for FY 2015 as is available in FY 2014 (\$156.77 billion). The House had cut the total for these programs by nearly \$1.1 billion, to \$155.69 billion. So the Senate would be expected to do better for the “Labor-H” programs than the House. Still, no increase overall forces the Senate to pick winners and losers, especially because the surge in child refugees requires a substantial increase in funding to meet their needs (*see article elsewhere in this issue*).

The Senate appropriators recommended \$2.55 billion for Refugee and Entrant Assistance, up more than \$1 billion from initial funding this year. The Senate’s emergency supplemental funding also proposes considerably more to close out FY 2014. These increases to meet unanticipated needs underscore the difficulties imposed by tight funding caps. While the Labor-HHS-Education subcommittee struggled to provide adequate funding for priorities like early childhood and special education and substance abuse/mental health services, other programs did not fare as well.

CHN tracks appropriations levels over time, and has compiled a [table](#) of more than 130 human needs programs, showing funding trends from FY 2010 through FY 2014 (the current year). A look at the programs appropriated within the Senate FY15 Labor-HHS-Education subcommittee bill showed an increase in funding over FY 14 levels for 38 of the human needs programs that CHN tracks. In addition to the refugee assistance gains, the subcommittee provided a \$98 million (4.2 percent) increase in the Child Care and Development Block Grant, a \$20 million (4.3 percent) increase for the Mental Health Block Grant, a \$75 million (4.3%) increase for the Substance Abuse Treatment Block Grant, and a \$1.082 billion (9.4%) increase in special education (IDEA Part B Grants to States). There were 35 programs with stagnant FY 2014 funding levels, including Child Welfare Services, the Community Services Block Grant, IDEA (special education) Preschool Grants, and Migrant Student Education. Of course, with capped spending levels (as a result of the Ryan-Murray budget agreement passed in December 2013, the spending cap for all non-defense discretionary funding for FY 2015 is \$492.4 billion), increases for some programs means decreases for others. There were 31 programs that saw decreases to the already meager levels, including Mental Health Programs of Regional and National Significance with a \$7.7 million (2%) cut, a \$34.2 million (1%) cut in the Low Income Home Energy Assistance Program (LIHEAP), and a \$5.9 million (0.7%) cut in Nutrition for the Elderly. With a smaller Labor-HHS-Education allocation on the House side, even more cuts are likely. Further, because the House wants to offset its more modest emergency supplemental spending with other program cuts, final agreement on these domestic priorities may prove challenging.

During the lame-duck session that follows the November elections, Congress may attempt to combine all of the twelve appropriations bills into an omnibus bill, or combine several of the bills into a number of smaller ‘minibus’ bills, to cover the rest of FY 15. This allows them to debate and pass multiple appropriations measures at the same time. But if the makeup of

Congress changes significantly in the election, it is possible no agreements will be reached, with final appropriations decisions put off until after the new Congress arrives in January.

Congress Agrees to Use Funding Identified for Unemployment to Pay Highway Bill Patch

On July 30, with time winding down to their August recess, the Senate agreed to the House version of the Highway and Transportation Funding Act (H.R. 5021). The House passed the bill (367-55) on July 15. One of the objections of many Democratic Senators to the House version is the funding sources that pay for most of the nearly \$11 billion cost of funding road, bridge, and public transportation projects through May 2015. H.R. 5021 uses the revenue from so-called 'pension smoothing' and some customs fees that the Senate had set aside to pay for an extension of Emergency Unemployment Compensation (EUC). Pension smoothing allows companies to defer making contributions to pension plans thus increasing their profits and generating tax revenue (*See July 22 [Human Needs Report](#)*). This was a bitter pill to swallow as EUC languishes even as the unemployment rate ticked back up from 6.1 percent in June to 6.2 percent in July.

The Senate passed H.R. 5021 by a vote of 81-13 but not before it had passed its own version of H.R. 5021 two days earlier. Its bill had a different set of revenue offsets and it limited the duration of the stopgap measure that provides funding for the Highway Trust Fund to December 2014. A bi-partisan group of Senators led by Senators Chris Murphy (D-CT) and Bob Corker (R-TN) hoped that a post-election December deadline might free members up to move a longer term bill paid for by increasing the gas tax by 12 cents. Currently the trust fund is paid for by an 18.4 cents per gallon gasoline tax and 24.4 cents per gallon tax on diesel fuel. The tax is not indexed for inflation and has not been raised since 1993. Rather than raising the tax Congress has taken over \$50 billion from general revenues over the last six years to supplement the fund. The White House supported a much bigger four-year \$302 billion extension of highway funding.

In the absence of a longer term bill, there was bi-partisan agreement that Congress needed to act before leaving for their 5-week break. The current transportation bill would have expired at the end of September. The Department of Transportation was set to begin rationing payments to states by cutting their allocations beginning on August 1. This could have resulted in the loss of as many as 700,000 jobs.

House Passes Child Tax Credit Bill that Leaves Out the Poor

Despite opposition from several advocacy groups, the House passed ([237-173](#)) the Child Tax Credit Improvement Act on Friday, July 25. Advocates opposed the bill's failure to protect the credit for low-income families with children while expanding the credit to cover families with higher incomes. Specifically, H.R. 4935 failed to make permanent the improvements to the Child Tax Credit that affect low-income families, which are set to expire in 2017. If those improvements are allowed to expire, a full-time worker with two children earning the federal minimum wage will lose \$1,725, their entire credit. Additionally, the legislation will deny the Child Tax Credit to millions of low-income children in immigrant families where parents use an Individual Taxpayer Identification Number (ITIN) rather than a Social Security number. About 2 million families with a working immigrant parent would lose the credit for as many as 5.5

million children, 4.5 million of whom are U.S. citizens. Eight out of ten of these families are Latino.

At the same time, H.R. 4935 makes the Child Tax Credit newly available to families with incomes from \$150,000 to \$205,000 to end the so-called marriage penalty, and indexes the value of the credit for inflation for all but the lowest income families. While the cost of this expansion and indexing is roughly \$115 billion over 10 years, cutting the credit for immigrant families takes \$25 billion from these families, leaving the net cost of the bill at \$90 billion over 10 years. Despite repeated insistence by the House majority that additional spending be offset by cuts to other programs, the \$90 billion cost is not paid for.

The White House also opposes the bill and threatened to veto it, saying in a [Statement of Administration Policy](#) that the bill “would raise taxes for millions of struggling working families while enacting expensive new tax cuts without offsetting their costs.”

Ryan Poverty Plan Would Increase Poverty

On Thursday, July 24, House Budget Committee Chairman Paul Ryan (R-WI) [unveiled](#) a “discussion draft” of his plan to fight poverty. In [Expanding Opportunity in America](#), Rep. Ryan laid out six areas for reform, including the safety net, the Earned Income Tax Credit, education (including job training), the criminal justice system, regulatory reform, and results-driven research. Many advocacy groups [responded](#) to the plan with concerns about a number of the points contained within.

One of the main points of contention was Chairman Ryan’s call for the creation of “opportunity grants” that would consolidate up to 11 different federal programs into one funding stream for states, if they choose to take part. The 11 programs include SNAP/food stamps, Temporary Assistance for Needy Families (TANF), Section 8 Housing Choice rental vouchers, Section 521 Rural Rental Assistance payments, Section 8 Project-Based Rental Assistance, Public Housing Capital and Operating Funds, Child Care and Development Fund, Weatherization Assistance Program, Low Income Home Energy Assistance Program (LIHEAP), Community Development Block Grant, and Workforce Investment Act Dislocated Workers. States would be able to put some or all of these together into the block grant.

Many advocacy groups have long opposed block grants because they result in funding cuts that reduce benefits or services and also end federal protections to ensure that needy people are not excluded from programs. Ryan’s plan promises that total funding would not decrease for states opting to take the “Opportunity Grant.” But since several previous budgets proposed by Rep. Ryan would [drastically cut most of the programs](#) he would pool in this block grant, it is hard to see how that promise could be kept if he does not abandon those budgets. Further, the plan also called for customized and personalized case management for individuals or families. However, as his plan is budget neutral, advocates were left wondering where the money for increased investment in case management would come from.

Block grants also appear in other areas of Ryan's plan. He calls for Head Start to be converted into a block grant and for certain job-training programs (including some programs now under the Workforce Innovation and Opportunity Act) to be converted into a block grant.

The Ryan poverty plan also calls for an expansion of the Earned Income Tax Credit for childless workers, doubling the maximum credit to \$1,005 for this group and lowering the minimum eligibility age from 25 to 21. While this expansion is supported by advocacy groups and President Obama, groups do not support how Rep. Ryan [proposed to pay for](#) this expansion – by eliminating the Social Services Block Grant and by denying the Child Tax Credit to 5.5 million children in immigrant families, including 4.5 million low-income citizen children. In addition, advocates called out the irony in Ryan's insistence on paying for this tax credit while the House has passed billions in tax cuts for corporations without paying for them.

While no action is expected on Rep. Ryan's plan this year, it may be considered a starting point for future Congressional discussions next year after the elections. If parts of this plan are enacted, many advocates believe the loss of SNAP/food stamps' current capacity to expand when need grows and restrictions likely in other programs could be devastating for low-income people. See CHN's blog, [Voices for Human Needs](#), for more [reactions and resources](#) and our [Head Smacker](#) related to Rep. Ryan's plan.