



COALITION ON HUMAN NEEDS

The Human Needs Report

December 22, 2014

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What's in the Federal Spending Bill, or CRomnibus

On Tuesday, Dec. 16, President Obama signed the \$1.1 trillion spending package passed by Congress the prior week that will fund most of the government through September 30, 2015. The exception is the Department of Homeland Security (DHS), which was only funded through February 2015. In Washington speak, the bill was dubbed a "CRomnibus" since it combined short-term stopgap funding, known as a continuing resolution (CR), for DHS and an all-encompassing fiscal-year omnibus spending bill for all other agencies. The passage of the bill averted a government shutdown and in effect wrapped up the House of Representative's session, as House members headed home for the holidays following its passage.

Knowing that continuity of funding is best for the agencies and the programs that serve vulnerable populations, CHN supported full-year appropriations. A 3-month CR, a possibility that was supported by some Republicans, would not only have taken away this continuity, it would have allowed the new Congress to re-open funding decisions and insert dangerous policies that could have further hurt programs for people in need. Despite the full-year funding for most of the government, previously-enacted budget caps kept many programs from seeing much of an increase if any at all – in fact, the overall spending for the government is less than one percent above Fiscal Year 2014 levels – and there were several programs that saw further cuts. Even when increases were made, they were neither

sufficient to restore the [cuts to human needs programs](#) that have been going on for years nor in most cases to meet increased needs. A few areas of the bill are highlighted below.

Education: While the maximum Pell Grant annual award was increased by \$100, in part because some of the funding comes from mandatory sources, the program's annual appropriations were cut by \$303 million from FY14 funding. Most education programs were little changed. Title I Education Grants, formerly known as Education for the Disadvantaged, received a \$25 million increase in funding, to just over \$14.4 billion. Grants to states to serve students with disabilities were also increased by \$25 million, to \$12.29 billion. Adult education state grants received a 0.9 percent, or \$5 million, increase. President Obama's Race to the Top competitive grant program was eliminated by moving dollars to other education innovation initiatives. According to [CLASP](#), a box will be added to the Free Application for Federal Student Aid (FAFSA) to identify students who are in foster youth or were in the foster care system so the Department of Education can notify students about potential eligibility for additional student aid available to them.

Within the Department of Health and Human Services, the Child Care and Development Block Grant (CCDBG), which was reauthorized by Congress with bipartisan support last month, received a \$75 million increase. Total Head Start funding was unchanged.

Housing: While the Public Housing Operating Fund and Capital Fund both received level funding compared to FY 14 and the Community Development Fund was cut by 1.1% or \$34 million, there were some winners in the housing sector. Funding for Homeless Assistance Grants was increased by 1.4% or \$30 million, funding for housing for the elderly increased by 9.5% or \$36.5 million, and funding for housing for persons with disabilities increased by 1.7% or \$9 million. According to the [National Low Income Housing Coalition](#), the Choice Neighborhoods Initiative was cut by \$10 million or 11%.

Nutrition: According to the Food Research and Action Center, Bread for the World, and Feeding America, overall funding for child nutrition programs was \$21.3 billion, which includes \$16 million to continue the summer food programs, and \$25 million (level funding from FY 14) for competitive grants to schools to purchase equipment needed to serve better meals and to expand school breakfast programs. The Commodity Supplemental Food Program, which provides monthly food packages to low-income seniors, saw a bump of \$8.8 million or 4% over FY14 funding, described by the [Senate Appropriations Committee](#) as enough to allow expansion into seven additional states. The Congressional Hunger Center received level funding.

The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) was cut by 1.4% or \$92.8 million. Funding is estimated to be enough to meet the need now anticipated for FY 2015. In addition, language in the bill will allow white potatoes to be purchased as an acceptable part of the food package. This was [a setback](#) for human needs advocates, who felt that the recommendations of scientists and nutritionists were overrun by the potato lobby, with the nutritional needs of the more than 8 million low-income women and children who benefit from this program on the losing end.

Another controversy in the Department of Agriculture appropriations package surrounded nutrition standards for school meals. The final bill includes language that allows schools to waive the whole grain

requirement if they demonstrate hardship in meeting the requirement and by prohibiting the new lower sodium requirements from going into effect without additional research. However, the final bill did not go as far to undermine the new school regulations as the previous House version had. For more on these controversies, see CHN's May 27 [Human Needs Report](#).

Aging Programs: According to the [National Council on Aging](#), most programs serving elderly Americans received level funding as compared to FY 14, though there were a few exceptions. The Aging Network Support program received a \$2.5 million increase to provide services and outreach to Holocaust survivors, and the Elder Justice Initiative received its first appropriation of \$4 million to prevent and respond to elder abuse. Funding for the Low Income Home Energy Assistance Program (LIHEAP) was cut by \$34.2 million or 1% (40 percent of households receiving LIHEAP include a person age 60 or older). The Social Security Administration received an additional \$108.9 million for administrative expenses, and the National Institute on Aging at the National Institutes of Health received a \$28.4 million increase over FY 14 for additional Alzheimer's disease research.

The spending bill maintained the discretionary, or annually appropriated, funding of \$6.1 million for Aging and Disability Resource Centers (ADRCs), but separate legislation is needed to extend the \$10 million mandatory (not subject to annual appropriations) funding for the centers. Congress also failed to give the Obama Administration any of the \$3 million it requested for a White House Conference on Aging in 2015.

Controversial pension reform language was also included in the bill that would allow members of multi-employer pension plans to vote to cut benefits to deal with funding shortfalls. Roughly 1.5 million workers are covered by such plans. Retirees who are disabled or age 75 or older are protected from cuts.

Children's Services: Although Congress did not provide additional emergency funding sought by the Administration to cover further surges in the number of unaccompanied children fleeing violence in Central America, it did provide a 9.2 percent increase for unaccompanied children (to \$948 million). Total funding for Refugee and Entrance Assistance was up nearly 5 percent, to nearly \$1.56 billion. Most child welfare services subject to appropriation were flat-funded, although Innovative Approaches to Foster Care was cut from \$25 million to \$16 million. (However, the main foster care account, with mandatory funding, was up by \$10 million.)

Justice: Prevention programs in the Office on Violence Against Women were increased by 3 percent, to \$430 million. Juvenile justice programs, which have been cut substantially in recent years, were reduced another \$3 million, down to \$251.5 million.

Labor: State grants for adult, dislocated workers and youth training and employment services were increased by a total of \$36 million over FY 14 funding under the Workforce Innovation and Opportunities Act (a 1.4 percent increase). Department of Labor programs serving Native Americans and migrant and seasonal farmworkers were level-funded, as was the Job Corps program. YouthBuild, which provides training in the construction industry plus education for low-income youth, rose 2.7 percent, to \$77.5 million.

Health: There were modest increases in a number of health programs, including a 3.6 percent rise in Rural Health (to \$147.5 million), and a 2.3 percent increase in various health professions education funding. The majority of Affordable Care Act funding is not subject to annual appropriation, and cannot be reduced by Congress unless it changes the health care law. Other programs, like those covering Maternal and Child Health and Ryan White HIV/AIDS services, were little changed from the previous year. Mental health and substance abuse services declined by less than one percent.

Other: The spending bill also extended funding for the Temporary Assistance for Needy Families (TANF) block grant, which has been due for reauthorization since 2010 but instead has been receiving short-term extensions. The bill also included \$5.4 billion in supplemental funding to fight Ebola. Because the money for this was deemed emergency spending, it did not count against the spending caps and therefore did not require cuts in other programs to offset these funds. CHN supported this emergency designation.

Meanwhile, Congress provided nearly \$64 billion for the Pentagon's Overseas Contingency Operations account (OCO), the Defense Department's fund that isn't subject to spending caps and is supposed to fund war-related activities. OCO has been used by the Pentagon to cover non-war-related items, effectively avoiding much of the impact of sequestration cuts. It could have been worse: the House had previously allocated \$85 billion for OCO. The Pentagon also received [\\$4 billion more](#) than they asked for for procurement.

Extraneous Policy Riders: Two policy riders that many advocates opposed did end up in the final version of the bill. One provision will weaken the financial regulatory overhaul known as the [Dodd-Frank](#) Wall Street Reform and Consumer Protection Act that was passed in response to the 2008 financial crisis. The other significantly increases the amount of money that an individual may donate to national political party committees, which advocates fear will give millionaires and billionaires even more influence in elections and politics than they already have.

With the fight for FY15 funding wrapped up (other than battles over Homeland Security funding that will continue next year in conjunction with the fight over President Obama's recent [executive action on immigration](#)), advocates are already focusing on FY16 funding. Unless Congress takes action, automatic "sequestration" cuts will take effect due to the deficit reduction legislation enacted in 2011, meaning large cuts for many human needs programs. In addition, programs like Medicaid, SNAP/food stamps, and Social Security – which are not subject to the sequester – will likely also come under attack.

Congress Passes \$41.6 Billion of Tax Cuts for Businesses

As its last piece of business before adjourning the 113th Congress, the Senate passed ([76-16](#)) a package of temporary tax breaks (H.R. 5771) that will mostly benefit corporations. The legislation, which passed the House ([378-46](#)) earlier in December, costs \$41.6 billion and is not paid for with increased revenues or offsetting spending cuts. The roughly 50 tax cuts, known as "extenders," expired at the end of 2013; the legislation that was passed, however, was only a one-year retroactive extension to cover 2014, which means Congress will have to deal with these breaks again next year, either through another

extension, allowing them to expire (not likely), making them permanent at a huge cost to taxpayers, or comprehensive tax reform. Because of the retroactive nature of the bill, whatever investment incentive these business and energy tax breaks might have provided was lost, and the legislation essentially rewards businesses for actions they already took earlier in the year.

H.R. 5771 was the agreed-upon solution after President Obama threatened to [veto a deal](#) that had been in the works the week of Thanksgiving to extend some of the tax cuts and make others permanent at the cost of \$450 billion over ten years. Neither the proposed deal nor H.R. 5771 make permanent the improvements in the Child Tax Credit and Earned Income Tax Credit that help low-income working parents and their children, which are scheduled to expire in 2017. The failure to preserve these improvements for working families while deepening the deficit with such large business tax breaks were the reasons stated by the Administration for its veto threat.

Citizens for Tax Justice has been on the forefront of calling for greater scrutiny on the merits of the tax extenders. In a [report](#) released in May, they outline why they believe that many of these tax cuts do not benefit the economy and are poor policy, or should be funded through direct spending, not the tax code. They also released a new [report](#) and [commentary](#) on the problems with H.R. 5771. For more background on the tax extenders package, see CHN's October 7 [Human Needs Report](#).