The Human Needs Report

May 19, 2015

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Appropriations Showdowns Looming:
Obama Administration Continues Strong Opposition to House Funding Bills

When the House Appropriations Committee sent the Military Construction-Veterans Affairs and Energy and Water bills to the House floor, the Obama Administration issued veto threats. Not content to wait until appropriations bills are on their way to the floor, the Administration has started to demonstrate its determination to reject sequestration cuts by writing letters to House Appropriations Chair Hal Rogers (R-KY) before bills are taken up in full committee.

The letter written by Office of Management and Budget director Shaun Donovan about the **Transportation-Housing and Urban Development** funding bill underscores the harm the bill would cause by forcing housing program cuts. For example, the House bill not only fails to restore 67,000 rental housing vouchers lost due to the 2013 sequestration cuts, but would also result in the loss of another 28,000 vouchers, leaving the program about 100,000 vouchers behind.

Donovan's letter also cites cuts to homeless assistance grants (12 percent below the President's proposed level), which would deny services and housing to 15,000 families or individuals either homeless or at-risk of homelessness. The House bill would support 25,500 fewer units of permanent supportive housing than the President's proposal. It would also slash lead poisoning prevention by 40 percent below the President's budget, meaning 3,400 fewer children would be helped.

Low-income housing advocates were furious that the House bill would prohibit the use of income generated by Fannie Mae and Freddie Mac to fund the National Housing Trust Fund. Previous legislation had assigned such proceeds to the NHTF, which will invest in rental housing for low-income tenants. The Transportation-HUD bill instead directs Fannie Mae and Freddie Mac funds to the HOME program, which is not targeted to construct housing for the lowest-income households. The President's budget had directly funded HOME at $1.06 billion, and would have used the Fannie/Freddie income for the Housing Trust Fund. Full committee amendments to restore funding for NHTF by Representatives Lee (D-CA) and Price (D-NC) failed on party-line votes.

The transportation section of the bill rejects expansions in infrastructure spending proposed by the Obama Administration, including the popular state TIGER grants (Transportation Investment Generating Economic Recovery). The House committee bill provides $1 billion less for these grants than the President's budget.

Another bill approved by a House appropriations subcommittee is **Commerce-Justice-Science**. Scheduled to see full committee action during the week of May 18, the bill contains massive cuts to juvenile justice programs. Funding was eliminated for Title II Part B formula grants, which provide states with funds used to assist in complying with federal law to protect children in the juvenile justice system. Title II grants are funded at $55.5 million this year; the Obama budget requested $70 billion for FY 2016. Title V delinquency prevention grants have also been zeroed out, continuing their precipitous decline from $65 million in FY 2010 down to $15 million this year. Funding for juvenile justice programs totaled $423.5 million in FY 2010. This year only $251.5 million was provided. The House subcommittee bill for FY 2016 makes a sizable further reduction, despite small increases in programs such as Youth Mentoring (up $5 million, to $95 million). Missing and Exploited Children services are level-funded at $68 million.

In other Department of Justice funding, the subcommittee bill provides additional funds for 55 more immigration judges and support staff, intended to reduce the worsening backlog in immigration cases. There is also a new $50 million Community Trust initiative, with funding for police body cameras and other measures intended to respond to police violence targeted in African American communities. However, funding for the Legal Services Corporation is reduced.

The full House will take up **Legislative Branch** appropriations on Tuesday, May 19. This is expected to be the last bill to reach the floor before the Memorial Day recess.

The next bill to be taken up in a House subcommittee is **Defense**, to be considered on May 19. Here, as reported previously, sequestration limits are flagrantly violated. While the capped allocation for Defense is $490.235 billion, the subcommittee bill adds $88.4 billion in the uncapped Overseas Contingency Operations (OCO) account, for a total of $578.6 billion. While OCO is supposed to be limited to war-related funding, appropriators have been explicit in saying that items unrelated to war and troop withdrawal are being funded.

The **Senate** has been slower to act on appropriations bills. The first bills to reach the full Appropriations Committee will be **Military Construction-VA** and **Energy-Water**. As in the House, these bills provide less controversy than many others. But the partisan divide over overall funding levels is in force in the Senate too. Senate Appropriations Chair Thad Cochran (R-MS) is expected to propose his version of allocations for all 12 appropriations subcommittees (the "302(b)" allocations) during full committee action on May 21. Total funding will stay under the sequestration cap of $1.017 trillion. But the top Appropriations Democrat, Senator Barbara Mikulski (D-MD) will propose an alternative set of allocations, following the President's lead by adding about $75 billion over sequester levels.

The End Game. Appropriations have in the past been an area where there has been more bipartisan cooperation, at least for the less polarizing bills like Military Construction- VA. This year appears to be different, with the President, House and Senate Democrats largely unified in seeking to end the sequester caps for domestic as well as defense discretionary funding. Although the House majority can pass bills over Democratic objections, the path to Senate passage is far more uncertain, since 60 votes are needed to approve bills. Even if bills can pass, the President has signaled he will veto them. To avoid a government shutdown, Congressional leaders will have to negotiate with the President on a bargain, similar to the deal enacted for FY's 2014 and 2015, to exceed sequestration caps.

Reforming TANF: Proposals that Would Help – and Hurt – Recipients

On April 30, the House Ways and Means Subcommittee on Human Resources held a hearing on reforming the Temporary Assistance for Needy Families (TANF) program. Due for reauthorization in 2010, the TANF block grant has instead been extended several times, and its funding was last extended through September of this year. Testimony from Donna Pavetti, Vice President for Family Income Support at the Center on Budget and Policy Priorities, focused on how little TANF does to help families find work and escape poverty. She also provided evidence of the safety net's important role in supporting and encouraging work, and outlined policy changes to improve TANF's ability to reach families in need and improve their employment prospects.. As Dr. Pavetti noted, the number of families helped by TANF has fallen dramatically since it was enacted in 1996, even as poverty has worsened. TANF also lifts far fewer children out of deep poverty (incomes below half of the poverty line) than its predecessor, Aid to Families with Dependent Children (AFDC), did. And despite the fact that one of the key reasons TANF was turned into a block grant was to give states greater flexibility in helping recipients find and maintain work so they would no longer need assistance, states actually spend little of their TANF funds to help improve recipients' employability, instead sometimes using TANF funds to fill other budget holes. In highlighting changes to improve the program, Dr. Pavetti described requiring greater investments in work activities, incorporating subsidized employment programs for recipients who have been unable to find jobs, and simplifying the work and reporting requirements. Indi Dutta-Gupta and Kali Grant from the Project on Deep Poverty at the Georgetown Center on Poverty and Inequality also called for refocusing TANF on work in a piece posted on CHN's blog.

The TANF hearing did suggest a bipartisan willingness to consider improvements to TANF to encourage states to help parents to find jobs and keep them. States now have more incentives to keep caseloads low than to provide work-related services. Witnesses invited by the Republican majority emphasized the need to reward states for good outcomes for families, and even supported more education to prepare parents for decent jobs.

Despite these encouraging signs, other recent policy proposals would hurt TANF recipients. On May 12, Senator David Vitter (R-LA) introduced a bill that would limit the amount of money TANF recipients could withdraw from ATMs each day using their Electronic Benefit Transfer (EBT) cards to just $25. Dubbed the "Welfare Abuse Prevention Act," this legislation aims to extend to the federal level a provision of a state law recently passed in Kansas (the Kansas law would also reduce lifetime benefits from 48 to 36 months and further restrict where recipients could use the card). Both the Kansas law and the Vitter bill would harm TANF recipients, particularly those who don't have a checking account or other bank accounts. Large numbers of TANF families now withdraw larger amounts in order to pay bills, including rent. Many ATMs only allow withdrawals in $20 increments, and ATM fees per transaction would eat up a part of what they are able to withdraw. A low daily limit on withdrawals would also mean more time and money spent traveling to and from ATMs more often when cash was needed. The Department of Health and Human Services' Administration for Children and Families said they'd review Kansas' cap to see if it violates the federal requirement that recipients "have adequate access to their cash assistance" and can withdraw money "with minimal fees or charges."