COALITION ON HUMAN NEEDS

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Government Funding Approved Through December 11; Major Legislative Hurdles Ahead

A government shutdown was averted when the House and Senate agreed to a continuing resolution (CR) providing short-term funding for annually-appropriated programs in the new fiscal year (FY) 2016, which began October 1st. At the heart of the current standoff over funding are the spending caps (aka "sequestration") for domestic, international and Pentagon discretionary programs. Defense hawks want more funding for the Pentagon and Democrats and some Republicans would like relief on the domestic side. The 'clean' CR runs through December 11 and freezes funding just below FY 2015 levels (to stay under the sequester caps, the CR had to reduce domestic and Pentagon spending ban across-the-board two-tenths of one percent). A small number of programs are allowed to spend more than the capped level. These "anomalies" include extra funding to reduce the backlog of veterans' disability claims and enough to cover rural housing rental assistance contracts. The bill (H.R. 719) passed overwhelmingly 78-20 in the Senate and 91 Republicans joined all Democrats to pass it the House by a vote of 277-151.

If funding at these levels were to continue for the rest of the fiscal year, many human needs programs would be seriously squeezed. Inflation is eroding the value of flat funding, leaving FY 2016 domestic discretionary programs about $9 billion behind FY 2015 levels. In addition, some programs like veterans' health care must rise – and other domestic programs will have to be cut more deeply to make up the difference. According to the Center on Budget and Policy Priorities, slightly less than frozen funding will leave domestic programs at their lowest level in about fifty years as a share of the economy. (For how the failure to stop the sequestration cuts will undermine effective anti-poverty programs, see CHN's report, *Economic Growth Leaves the Poorest Americans Behind*.)

Passage of the CR postpones other fights ahead in addition to overall funding levels. Some conservatives in the House and Senate were prepared to let funding expire, shutting down the government, in an attempt to remove funding from Planned Parenthood. That issue has become a flashpoint and will resurface along with other potential contentious policy 'riders' as longer-term funding for FY 2016 is debated. Environmental Protection Agency regulations, Dodd-Frank banking rules, and many more policies are likely to be targets for riders. There will also be tough negotiations around the offsets which some will demand to pay for added funding. Advocates are strongly opposing offsets coming from cuts to critical benefits provided by the Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps), Medicaid, Medicare and other programs. The Administration's position is that it would not require offsets.

In a positive sign, Senate Majority Leader Mitch McConnell (R-KY) and outgoing Speaker of the House John Boehner (R-OH) have signaled to the White House that they would like to begin talks on a longer-term deal very soon. The Administration wants House and Senate Minority Leaders Nancy Pelosi (D-CA) and Harry Reid (D-NV) to participate in the talks. The hope is that an agreement could be reached that provides sequester relief for discretionary programs prior to Speaker Boehner leaving the House on October 30th. Failure to reach an agreement on FY 2016 funding by then would cast newly-elected House leaders into the role of hammering out a deal with Senate Republican leaders, Democratic leaders and the Administration. The House leadership would likely face pressure at least as unyielding from their most conservative members as Speaker Boehner endured.

Other End-of-the-Year Issues

Besides resolving FY 2016 funding, Congress must tackle reauthorizing the highway trust fund set to expire on October 30th, deal with what has become an annual process of extending a package of approximately 50 mostly corporate tax breaks (see related article in this *Human Needs Report* for more information), and raise the debt ceiling to avoid the government defaulting on its obligations. On

October 1st, Treasury Secretary Jacob Lew sent a letter to congressional leaders telling them that all measures aimed at delaying reaching the current debt limit would exhausted around November 5th. It is possible that some of these issues could be included in a larger budget deal.

Senator McConnell and Vice President Biden were the key players in the 2012 budget agreement which layered sequester cuts on top of the spending caps adopted earlier in the 2011 Budget Control Act, raised the debt ceiling and made permanent some of President Bush's tax cuts. Partial relief from the sequester cuts in FY 2014 and 2015 was achieved in the Ryan/Murray budget deal. Years of capped funding have had a significant detrimental impact on low-income programs. (See the Coalition on Human Needs' chart showing the cuts that have occurred in many low-income programs since 2010.)

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Child Nutrition Programs Continue Despite Lack of Reauthorization Bill

While the law governing child nutrition programs expired on September 30, language in the Continuing Resolution passed to avert a government shutdown means the programs will continue to be funded and will continue to operate. The Child Nutrition and WIC Reauthorization Act sets the policy and funding structure for all of the federal school meal and child nutrition programs, including School Breakfast, National School Lunch, Child and Adult Care Food, Summer Food Service Program, the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) and others. Many of these programs are permanently authorized (subject to Congress funding their operations), but Congress reviews the laws governing them every five years. Other programs included in the law that are not permanently authorized, like WIC, will also continue to be funded as a part of the Continuing Resolution, and the assistance from Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps) will continue to be issued. Funding for some of these programs could get wrapped up in the larger appropriations process this fall.

Child nutrition advocates have several priorities for the reauthorization. First, they maintain that funding for nutrition programs should not be cut to pay for other programs. According to ***CQ***, under budget rules, any spending increase would have to be matched by corresponding cuts in related programs. Advocates will also push to see school nutrition standards fully implemented. Some requirements, like requiring whole grain products, were eased in the FY2015 omnibus spending bill, but those provisions expired Oct. 1. Other provisions, like a further reduction in sodium levels, are scheduled to go into effect in 2017. In addition, advocates hope to increase access to meals for low-income children outside of school and for children in child care and afterschool programs. Legislation like the Summer Meals Act, the Stop Child Summer Hunger Act, and the Healthy Food for Young Children Act would do just that. On the WIC front, advocates hope to see a state option to extend eligibility for children beyond age five to age six, similar to the Wise Investment in our Children (WIC) Act. For more information on what to look for in the pending reauthorization legislation, see this piece from the Food Research and Action Center (FRAC) and Feeding America, as well as the National WIC Association's reauthorization letter to members of Congress and their reauthorization agenda.

The Senate Agriculture Committee postponed a markup of the bill that had been set for September 17. Advocates will be holding Congressional briefings on October 8 where people who contributed to the *Community Voices: Why Nutrition Assistance Matters* project will be sharing their personal stories with school meals, WIC, and SNAP with members of Congress and their staff. For witness testimony, statements, and archived webcasts from previous House and Senate committee hearings, see FRAC's Child Nutrition Reauthorization (CNR) page. For additional information and resources from FRAC, No Kid Hungry, Feeding America, NEA, the National WIC Association and more, visit the Child Nutrition Forum site.

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Bill Introduced to Stop Cuts to Disability Insurance Beneficiaries

A bill introduced last week by Senate Finance Committee Ranking Member Ron Wyden (D-OR) and House Ways and Means Committee Ranking Member Sander Levin (D-MI) would prevent millions of Americans with disabilities from seeing their benefits cut. The Social Security Disability Insurance Trust Fund (SSDI), a part of Social Security that provides crucial support to people with disabilities and serious medical conditions, needs to be replenished to be able to continue paying benefits at the current level. Without action, nearly 9 million workers with disabilities and nearly 2 million children of disabled workers will see their benefits cut by 20 percent at the end of 2016. On the first day of the new Congress in January, the House passed a rule effectively blocking the reallocation of funds between Social Security's main retirement trust fund and the disability trust fund, despite the fact that this reallocation has happened – in both directions – 11 times in the past, under both Republican and Democratic control. According to a press release from Sen. Wyden and Rep. Levin, the Social Security Earned Benefits Payment Act would "temporarily adjust the distribution of incoming payroll taxes between the Social Security trust funds to ensure both funds can pay full benefits through 2034."

SSDI benefits are modest, averaging just $1,140 per month, but according to the Center for American Progress, they are the primary or sole source of income for more than 80 percent of beneficiaries. Additional proposals in both the House and Senate would cut or eliminate critical benefits for people who receive both SSDI and unemployment insurance, despite the fact that those who receive both have lost a job through no fault of their own. While only a small percentage of Americans receive both SSDI and unemployment insurance at the same time and the benefits are modest, these benefits are essential to helping disabled workers and their families in the event of a job loss, and give workers confidence to enter the labor force, knowing they will not lose all benefits if they are laid off.

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House Leaders Look to Make Permanent Business Tax Breaks; No Action Yet on Low-Income Tax Credits

On September 17, the House Ways and Means Committee, headed by Chairman Paul Ryan (R-WI), passed five bills to make permanent several tax breaks, mostly for corporations. The largest break, which lets corporations more quickly write off investments (known as 'bonus depreciation'), would cost $280 billion over the next 10 years. The other four bills together cost an additional $131 billion over 10 years. The tax breaks, known as "tax extenders" in Washington because they have repeatedly been extended on a temporary basis, expired at the end of 2014. According the ***The Hill*** and ***CQ***, Chairman Ryan and House GOP leaders may be looking to include some of these and other extenders previously passed by the Ways and Means Committee and by the full House in a bill that would pay for transportation or transit projects that could not be covered solely by the depleted Highway Trust Fund. The current highway funding bill will expire at the end of October (for more on the Highway Trust Fund, see the August 3rd *Human Needs Report*). Democrats have noted that all of the bills Republicans have put forward to make tax breaks permanent would add more than $1 trillion to the national debt.

Neither the House nor the Senate has yet taken action on tax credits for low-income workers and their families. If improvements made in 2009 to the Child Tax Credit (CTC) and Earned Income Tax Credit (EITC) are allowed to expire in 2017, 16 million Americans – including 8 million children – will fall into poverty or become more deeply poor. Data released by the Census Bureau in September show that these two low-income tax credits lifted more than 10 million people – and more than 5 million children – out of poverty in 2014. Advocates have been insisting that these tax credits should be the priority for Congressional action, and some members of Congress and the Administration have agreed that there should be no permanent tax breaks for businesses without making the improvements to the EITC and CTC permanent as well.

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New Sentencing Reform Bill Introduced with Bipartisan Sponsorship

In a hyper-partisan Congress, bipartisan support for significant legislation is increasingly rare. But recognition is growing that prison terms are far too long, discriminatory, ineffective and expensive. In a significant development, Senate Judiciary Committee Chair Charles Grassley (R-IA) joined with nine other key senators to cosponsor the Sentencing Reform and Corrections Act of 2015 (S. 2123), introduced on October 1. All of the cosponsors serve on the Senate Judiciary Committee, including the senior Democrat, Patrick Leahy (D-VT), as well as Senators Booker (D-NJ), Cornyn (R-TX), Durbin (D-IL), Graham (R-SC), Lee (R-UT), Schumer (D-NY), Scott (R-SC), and Whitehouse (D-RI).

The bill would eliminate the harsh three-strike mandatory life sentence, replacing it with a 25-year term. Under current federal law, someone who has two convictions for "serious" crimes and then is convicted in federal court of a "serious violent felony" receives an automatic life sentence. Minimum sentences for a second offense would be reduced from 20 to 15 years.

Half of federal prisoners are serving because of drug offenses. The Sentencing Reform and Corrections Act reduces federal penalties for a number of crimes, but emphasizes reductions related to illegal drugs, especially lower-level and nonviolent offenses. Mandatory minimum sentences for repeat offenders would be shortened (from 20 to 15 years) and applied more narrowly, limited to serious drug felonies and serious violent felonies. Offenders with prior convictions for serious violent crimes and/or serious drug felonies can still receive long sentences.

The Sentencing Reform and Corrections Act would address the extreme disparities in sentencing for crack versus powder cocaine offenses that were in effect before 2010. Before then, someone possessing crack cocaine would get the same mandatory minimum sentence as a person possessing 100 times as much cocaine in powder form. While that disparity was reduced in 2010 (to 18 to 1), nothing was done to reduce sentences for those already imprisoned. S. 2123 would allow those prisoners to petition for shorter sentences. The differing treatment of cocaine offenses has dramatically magnified racial disparities in sentencing, making this provision of S. 2123 one of its most significant.

The bill also limits solitary confinement for juveniles in federal prisons and allows parole for inmates serving life sentences who were convicted as juveniles (the federal correctional system does not provide for parole). The bill also allows nonviolent juvenile offenders to have their records sealed or expunged in certain circumstances. These provisions affect only a very small number of federal prisoners (only about 50 are juveniles).

The bill allows prisoners to reduce their sentences by participating in education, a prison job, or similar activities.

While the sentencing reforms reduce the length and application of mandatory minimum sentences, the bill also adds new mandatory minimum sentences for interstate domestic violence and most likely for selling weapons to terrorist groups or certain countries.

The bill is headed for a mark-up in the Senate Judiciary Committee by the end of October. Its strong bipartisan support should help it to move, but the difficulties of enacting new legislation by the end of the current session are forbidding.

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