COALITION ON HUMAN NEEDS

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Senate GOP Push Their Health Care Bill this Month

A group of Senate Republicans continue working on their version of a bill to repeal and replace the Affordable Care Act. Reports are that they may try to bring their legislation to the Senate floor for a vote the week of June 26 in the hopes of passing it before the week-long July 4 recess. The Senate GOP bill is expected to be very similar to the House-passed repeal bill; Sen. John Cornyn (R-TX) told reporters that "80 percent of what the House did we're likely to do."

One difference in the Senate bill might be a "phase out" period for ending the Medicaid expansion allowed under the Affordable Care Act. Several GOP senators are supporting a plan to gradually phase down the federal funding for Medicaid expansion over a seven-year period from 2020 to 2027. The willingness of senators including Portman (R-OH) and Heller (R-NV) to support a bill with a seven-year phase-out of the Medicaid expansion is a new development that increases the chance of finding a majority, unless this change drives away the most right-wing senators. However, as the Center on Budget and Policy Priorities points out, a gradual phase-out would not preserve coverage for the millions expected to lose it once the Medicaid expansion finally ended, and millions would still lose coverage even in the short term. As CBPP explains, at least eight Medicaid expansion states have "trigger laws" under which their Medicaid expansions automatically end if the federal matching rate for expansion enrollees falls at all, which it would in 2020. People who now have coverage under the expansion in these states would suffer the same fate – loss of insurance – as they would under the House bill. Other expansion states may likely freeze enrollment for folks in the expansion beginning in 2020 due to rising costs; CBPP therefore estimates that expansions would be more than two-thirds gone by the end of 2021 and virtually eliminated by the end of 2024, even with a seven-year phase-out. A cost estimate of the Senate bill from the Congressional Budget Office, Congress's nonpartisan scorekeeper, is not expected until shortly before the Senate vote.

Reports from *CQ* out on June 9 stated that the Senate bill may contain money to help stabilize the individual insurance exchanges. The Trump Administration has refused to say whether it will continue to fund the ACA's cost-sharing subsidies provided to health insurance companies that help reduce out-of-pocket health care costs like deductibles for lower-income people. Insurers have said those subsidies are necessary for the stability of the individual market. Some insurers have also pointed to the uncertainty around the continued payments of the subsidies as the cause for either pulling out of the exchanges or increasing premiums.

Advocates were quick to denounce the May 4 move by the House of Representatives to pass (217-213) the American Health Care Act, which repeals the Affordable Care Act enacted under President Obama. According to the Congressional Budget Office, Families USA and others, the bill will strip coverage from 23 million Americans; require millions more people to pay thousands of dollars more each year for coverage and care; slash $834 billion out of Medicaid over the next decade by ending the ACA's Medicaid expansion and by cutting federal support for state Medicaid programs, forever ending the program in its current form; gut protections for people with pre-existing conditions; eliminate the national requirement that health plans cover basic benefits; and let employers and insurers impose lifetime and annual limits on coverage. It would also give hundreds of billions of dollars in tax cuts to millionaires, with the wealthiest 400 Americans getting an average tax cut of $7 million a year each. Even Senate Republicans acknowledged that the House bill as it stands could not does not have the support to pass the Senate, even though Senate leaders plan to use a special process known as reconciliation where only 51 votes are needed.

Advocacy organizations have been busy encouraging advocates to contact their Senators to urge them to keep the Affordable Care Act, protect Medicaid and the subsidies in the ACA, and ensure coverage for individuals with pre-existing conditions.

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FY18 Budget Season Offers Different Visions for America

It's budget season in Congress. Below is a breakdown of the different budget proposals introduced so far and those still in the works.

House and Senate GOP budgets: While President Trump released his administration's FY18 budget proposal nearly three weeks ago on May 23 (more on this below), House and Senate leaders have not yet followed suit. That may change soon, as the House GOP budget could be released and taken up in the House Budget Committee as soon as the week of June 19 with possible floor action as soon as the following week. This timing isn't certain, however, and action on the House budget could also be pushed back until July or even September after the August recess.

Advocates are concerned that the House GOP budget will contain massive cuts that would be devastating to human needs programs. While many members of the GOP have attacked parts of President Trump's budget, there are many cuts in Trump's budget that may also be included in the House GOP version; in fact, advocates have pointed out that past House GOP budgets have, in some cases, been more harmful to low-income programs than President Trump's.

Unlike Trump's budget, which called for $54 billion in cuts to non-defense discretionary (annually appropriated) programs in FY18 to pay for increased Pentagon spending, the House budget is expected to keep funding levels for this category in line with current law. However, because sequestration-level funding is scheduled to go back into effect for FY18 unless a bipartisan budget deal is reached to lift the spending caps, this would still require a $5 billion cut below this year's appropriations totals ($3 billion cut from non-defense programs; $2 billion from the Pentagon). Any additional cuts in the House budget would be on top of this already-reduced funding level.

For example, the House GOP budget is expected to include special instructions known as reconciliation instructions that would direct subcommittees to find savings, which are expected to come in the form of cuts to safety net programs such as Medicaid and possibly SNAP/food stamps and the Temporary Assistance for Needy Families program. Using the reconciliation process allows Republicans to pass a measure with tax cuts (which are also expected in the House budget) and cuts to entitlement programs with only a simple majority in the Senate.

Advocates are also concerned that House leadership may use language calling for a budget that is "deficit neutral" (rather than "revenue neutral"); doing so would allow them to offset, or "pay for" tax cuts with cuts to entitlement programs that help low- and moderate income people, without adding to the deficit.

Senate GOP leaders are not expected to act on their budget proposal until September. While advocates predict the Senate proposal may contain slightly smaller cuts than the House version, they still anticipate deep cuts and reconciliation instructions to allow tax cuts to pass with only a simple majority The House and Senate could work out a compromise budget and pass a joint budget resolution. A budget resolution does not go to the President for his signature and does not become law. Failure to pass a FY18 budget does not stop Congress from working on and passing FY18 appropriations bills. But it is necessary for the House and Senate to agree on a budget resolution in order to proceed with the fast-tracked reconciliation bills.

President Trump's budget: Advocates quickly denounced President Trump's budget, saying it would inflict irreparable harm on low- and moderate-income families. Recent analysis from the Center on Budget and Policy Priorities found that roughly three-fifths of the $4.3 trillion of non-defense cuts in President Trump's proposed FY18 budget come from programs assisting low- and moderate-income people. These programs account for just 29 percent of non-defense spending and 24 percent of total program spending, but President Trump's budget would get 59 percent of its cuts from them. In total, the Trump Administration's budget would cut these programs by $2.5 trillion over 10 years. This includes a $1.6 trillion cut over 10 years to Medicaid, a $193 billion cut (more than 25 percent) to SNAP/food stamps, and a $72 billion cut to programs for people with disabilities and seniors over 10 years. Trump's budget would also slash discretionary (annually appropriated) programs by $400 billion, including eliminating housing vouchers for more than 250,000 families, gutting job training programs, terminating 1.8 million children from afterschool and summer programs, and eliminating the Low Income Home Energy Assistance Program, to name just a few of the deep cuts. Trump's budget also includes huge tax cuts for millionaires and corporations; CBPP estimates that millionaires alone would receive tax cuts that could total more than $2 trillion over the next decade.

Members of the Administration defended Trump's budget during House and Senate Committee hearings last week, where many members of Congress from both sides of the aisle expressed concern with different aspects of the budget. Sen. Susan Collins (R-ME) was quoted by *CQ* as saying to Housing and Urban Development Secretary Ben Carson in one such hearing, "While we need to pursue program reforms and find ways to reduce the share of HUD's budget that is consumed by rental assistance, merely shifting the costs onto the low-income elderly and disabled households that comprise 57 percent of the participants in these programs cannot be the answer."

For more analyses on President Trump's budget, see our FY18 budget resource page and this blog post.

Congressional Progressive Caucus budget: On Wednesday, June 7, the Congressional Progressive Caucus, chaired by Reps. Raul Grijalva (D-AZ) and Mark Pocan (D-WI), held an event to introduce their budget alternative. Titled "*The People's Budget*," it Invests $2 trillion in America's infrastructure, expands our country's commitment to efficient renewable energy and green jobs, protects and expands affordable health care for millions of Americans, creates and promotes a fair tax system that benefits working families, raises revenue from the wealthiest individuals and from corporations who can afford to pay more, expands the Earned Income Tax Credit and the Child Care credit, expands affordable housing for low-income Americans, and reduces military spending. *The People's Budget* also invests $1 trillion in effective early learning opportunities and for a child care for all program, makes debt-free college a reality for all students, provides a commitment to reduce poverty by half in ten years, calls for comprehensive immigration reform, including a pathway to citizenship, and invests $12.8 billion to end family homelessness, among other things. Many advocacy organizations and advocates applauded *The People's Budget*, saying it showed that it is possible to invest responsibly in our future and provide opportunity for all. For more information on *The People's Budget*, see CHN's statement, this blog post, and this piece from the Congressional Progressive Caucus.

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FY18 Appropriators Process Begins

The House Appropriations Committee announced its first markup of an FY18 spending bill – the Military Construction – Veterans Affairs bill – for Monday, June 12. The bill is reported to increase funding in these areas by $6 billion over FY 2017. The military construction portion of the bill is increased 25 percent, or $2.1 billion over the current year. If Congress does not come up with an agreement to prevent the $5 billion in cuts to all discretionary programs now scheduled for FY 2018, the increase in this first bill would require $11 billion in cuts to the rest of appropriated programs.

According to *CQ* and others, House GOP appropriators are considering moving an FY18 omnibus, or catchall spending package, that would incorporate the 12 spending bills required to keep the government open after the new fiscal year begins on October 1. This would allow for faster passage of the required spending bills, rather than passing them on the House floor one at a time, and would avoid the need for a stopgap spending measure or a government shutdown. There's talk that a goal for such passage could be set for before the August recess to avoid the time crunch that usually happens in September with the fiscal year deadline looming.

However, passage before the August recess may prove difficult to achieve, as appropriators are still waiting for the topline spending allocations for each of the 12 appropriations subcommittees covering the many different departments in the federal government. While these topline dollar figures typically follow the adoption of a budget resolution or budget deal, they can be set without a budget resolution being passed. As noted in the budget article of this *Human Needs Report*, sequestration cuts scheduled to go back into effect for FY18 would require a $5 billion cut below this year's appropriations totals. Democrats are pushing for a bipartisan budget deal to lift the spending caps, and unless one is reached, they could filibuster spending bills. To date, there are no reports that such a bipartisan deal is in the works, meaning the appropriations process could stall before it gets very far down the road.

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Congress Urged to Pass Clean Debt Ceiling Increase

Even before last year's election, Congress knew it would have to act to raise the debt ceiling sometime this year, when the U.S. will again reach its borrowing limit. Congress has the sole authority to increase the amount the Department of the Treasury can borrow to pay its bills.

According to *CQ*, Treasury Secretary Steven Mnuchin is calling on Congress to increase the debt limit before the August recess. Unlike White House Office of Management and Budget Director Mick Mulvaney, who has previously said he would like to see spending cuts attached to an increase in the debt ceiling, Secretary Mnuchin has urged Congress to pass a “clean” increase, without tying the measure to new spending cuts or other ideological policy changes. Most Democrats and advocates are also adamant that Congress pass a clean debt ceiling increase. Economists and business leaders overwhelmingly agree that failure to raise the debt ceiling would do catastrophic damage to the U.S. and to economies and markets worldwide.

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$15 Minimum Wage Bill Introduced

On May 25, the Raise the Wage Act of 2017 was introduced by Senators Bernie Sanders (I-VT) and Patty Murray (D-WA) and Representatives Bobby Scott (D-VA) and Keith Ellison (D-MN). The bill (H.R. 15/S. 1242) would raise the federal minimum wage to $9.25 this year and increase it over the next seven years until it reaches $15 an hour in 2024. After 2024, the minimum wage would be indexed to inflation to keep pace with growth in the typical worker’s wages. The bill would also phase out the outdated subminimum wage for tipped workers, workers with disabilities, and workers under the age of 20. More than 150 Representatives and 30 Senators signed on as cosponsors of the bill. More than 150 organizations, including the National Employment Law Project and the Economic Policy Institute (two CHN members who have led this fight) also pledged their support for the bill.

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House GOP Passes Bill to Gut Financial Regulations and Consumer Protections

On June 8, the House passed a bill that would largely gut the Dodd-Frank financial regulations, the banking legislation passed in 2010 in the aftermath of the financial crisis. The Financial CHOICE Act would strip away regulations on banks and Wall Street that were put in place to protect consumers, investors, and the economy from risky lending and investment practices that could bring on another recession. For example, the bill would repeal the Labor Department's fiduciary rule, which requires that brokers put clients' interest ahead of their own when giving retirement advice.

In addition, the bill would take away independent funding from the Consumer Financial Protection Bureau, which was created under Dodd-Frank, and subject it to the annual appropriations process, meaning Congress could slash or even defund the consumer watchdog agency. The bill would also allow the president to fire the CFPB’s director at will. Since it began operations in 2011, the CFPB has returned nearly $12 billion in refunds and relief to some 17 million Americans cheated by financial companies. Yana Miles, senior legislative counsel for the Center for Responsible Lending, said, “The bill even specifically exempts payday and car title lenders — notorious for springing devastating debt traps for their already vulnerable customers — from any regulation." The bill passed the House (233-186) with only Republican support; all Democrats and Republican Rep. Walter Jones (NC) voted no. It is not expected to be taken up in the Senate, where it would need 60 votes to pass but does not have any

Democratic support.

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