

# The Human Needs Report

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## House Begins Work on FY23 Spending Bills; Senate Work Pending

With less than three months to go until the Oct. 1 start of Fiscal Year 2023, work on the 12 required appropriations bills covering all government agencies has begun in the House and may soon begin in the Senate.

The House Appropriations Committee began marking up and passing its version of the FY23 spending bills in June, and last week completed passing all 12 bills through the committee. In early June, the House adopted a "deeming resolution," an informal agreement to set the FY23 top-line limit on discretionary spending; this allows appropriators to move forward with drafting spending bills absent a more-formal budget resolution in place. The deeming resolution set the discretionary (annually appropriated) spending cap at roughly \$1.6 trillion, matching <u>President Biden's budget request</u>. The House Appropriations Committee then adopted allocations (known as the 302(b) allocations) for the 12 Appropriations Subcommittees, in line with the \$1.6 trillion ceiling; these allocations are \$132 billion above the fiscal 2022 enacted level, a 9 percent increase. The House could have floor votes on some of their bills in July.

While the top Republicans and Democrats on the Senate Appropriations Committee had hoped to reach an agreement on topline spending numbers, that agreement has been elusive. According to *CQ*, Committee Chair Patrick Leahy (D-VT) said Republicans will not negotiate on a spending deal until after the midterm elections, and *Punchbowl News* says Republicans they won't negotiate a spending bill while Democrats continue to push for a reconciliation package (see related article in this *Human Needs Report* for more on this). Sen. Leahy previously said he will give allocations to Senate Appropriations Subcommittee chairs and tell them to mark up their bills after the July Fourth recess. However, Sen. Leahy underwent unplanned surgery for a broken hip on June 30 and his return date to the Senate is unclear; it is unknown if this will change the appropriations schedule in the Senate.

Because appropriations bills need 60 votes – and therefore some Republican support – to pass in the Senate, the bills that pass House Appropriations Committee (and that use President Biden's topline spending numbers) will likely be higher than the final numbers enacted by Congress.

It is expected that Congress will pass a temporary stopgap spending bill, known as a Continuing Resolution or CR, to fund government operations from Oct. 1 until after the November elections. At that time, it is possible Congress could pass an "omnibus" spending package, which combines the 12 required appropriations bills covering all government agencies for the rest of the fiscal year in one package. (An omnibus spending bill is different from a continuing resolution because it sets new spending levels for all appropriations, while a continuing resolution provides flat funding at the previous year's levels with very few exceptions.)

While Republicans last year pushed for "parity," or equal increases for both defense and nondefense programs, many are this year pushing for a higher increase in defense spending than for nondefense (domestic and international) spending. The House and Senate Armed Services Committees both voted in June – with both Democratic and Republican support – to add \$37 billion and \$44 billion respectively to President Joe Biden's budget request for defense spending. Following the Senate Committee vote, Public Citizen President Robert Weissman said, "The Senate Armed Services Committee's choice to defy both the president and public opinion and flood the Pentagon with more money is outrageous. Time and again, Congress funnels billions in additional funds to costly weapons programs, war, and defense contractors, while claiming that human needs would 'cost too much.' ... Lawmakers should reject this and champion human-centered spending instead."

Advocates continue to urge Congress to increase funding for critical human needs programs in FY23 appropriations. <u>A recent CHN analysis</u> found that, out of 186 human needs programs tracked, 118 (nearly two-thirds, or 63 percent) saw cuts from FY 2010 through FY 2022, adjusted for inflation. Nearly one-third (58 programs; 31 percent) lost 20 percent or more over this period. For more information on President Biden's FY23 budget request, see the <u>April 5 Human Needs Report</u>.

CHN is also <u>urging Congress</u> to include separate broad appropriations categories for defense, veterans' medical care, and nondefense discretionary programs (also known as NDD). Veterans' medical care is projected by the Biden Administration to grow by 22 percent from FY 2022 to FY 2023. Continuing to include veterans' medical care within NDD subjects it to competition with other vital NDD programs,

while its higher rate of growth will swallow up a great proportion of Congress' agreed-upon funding level.

Relatedly, Department of Health and Human Services officials have for months now been seeking more than \$20 billion in emergency aid for the ongoing COVID-19 response needs, including vaccines, treatments, and testing. Many Republicans object to the funding, and Sen. Mitch McConnell (R-KY) and a bipartisan group of conservative senators have held up COVID funding by demanding that a vote on additional funding be accompanied by an amendment to keep in place an anti-immigrant policy from the Trump Administration known as Title 42. Title 42 was invoked to block immigrants from entering the U.S. from countries where COVID-19 is present, including refugees and asylum seekers, and has resulted in more than 1.7 million immigrants being blocked or expelled from the U.S. Because of this, there is no expectation that a COVID supplemental funding package will move through Congress soon. A federal judge has placed a temporary hold on the Biden Administration's plan to end this misuse of Title 42.

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### Advocates Continue to Push for Reconciliation Package with Human Needs Provisions

Advocates continue to push the Senate to pass reconciliation legislation that contains some pieces of the House-passed Build Back Better Act, but the list of human needs wins a package may contain appears slim.

The latest reports are that Sen. Joe Manchin (D-WV), a key vote needed to pass reconciliation legislation, may be open to a package that includes provisions to lower the cost of prescription drugs, some limited climate and energy provisions, and provisions meant to raise revenues and reduce the deficit. An expansion of the Child Tax Credit (CTC) and Earned Income Tax Credit (EITC), as well as money for affordable housing and other human needs programs, will likely not be included, though advocates continue to push for their inclusion. Sen. Manchin has insisted that much of the revenue increases in the package go to deficit reduction, rather than investments in services. There are reports that Senate negotiators are reducing the total amount of revenue increases to closer to \$1 trillion (the House-passed bill had nearly twice that). If about half of the increased tax revenues are held to reduce the deficit, the amount available for investments will be severely constrained.

Senators appear to be close to agreeing on prescription drug provisions, allowing a limited number of high-cost prescription drugs plus insulin to be subject to negotiation by the HHS Secretary within the Medicare program. It is reported that there would be a \$2,000 out of pocket cap on prescription drug costs to patients with Medicare prescription drug coverage, and that there would be full subsidies for patients with incomes up to 150 percent of the poverty line. The provisions would not take effect until 2023.

Advocates also continue to show the need for the inclusion in a package of other health provisions, including an extension of the Affordable Care Act premium tax credits and closing the Medicaid

coverage gap. According to the <u>Center on Budget and Policy Priorities</u>, if Congress does not act to extend the ACA premium subsidies enacted in the American Rescue Plan, the large majority of the 14.5 million people who signed up for marketplace coverage this year, including those in low- and moderate-income households, will either lose coverage altogether or pay much more for premiums in 2023. <u>Fourteen</u> governors sent a letter to Congress urging action on this issue as well.

Advocates from the Center for Law and Social Policy (CLASP), the National Women's Law Center, MomsRising, nearly 130 Representatives, and others are also urging the Senate to include in a reconciliation package provisions to make child care more affordable and accessible. According to CLASP, a proposal by Sens. Patty Murray (D-WA) and Tim Kaine (D-VA) would provide direct support for child care to families and build up the supply of child care, including investments in the child care workforce. It will also invest in preschool, Head Start, and establish a pilot program for states that would further expand access and affordability to reach families with higher incomes and cap families' child care expenses. Advocates also hope to see provisions to expand funding for housing and nutrition services in the package.

The reconciliation process, under which Democrats hope to pass a package in the Senate, allows legislation in the Senate to proceed without the possibility of filibuster (which stymies legislation by threatening unlimited debate). Ending a filibuster takes 60 votes; with no filibuster, reconciliation bills can pass with only a simple majority (51 votes in the Senate). However, they have been repeatedly thwarted by Sens. Joe Manchin (D-WV) and Krysten Sinema (D-AZ), whose support is needed to reach the 51-vote threshold.

If a reconciliation package is not passed before Congress leaves for the August recess, most predict it may not get done at all as members of Congress hit the campaign trail. The timing of passing such legislation is also complicated by the fact that Sen. Patrick Leahy (D-VT) is recovering from an unplanned surgery, and the date for his return to the Senate is unknown. With no Republicans expected to support the package, all Democrats are needed to get to pass the legislation.

Advocates are disappointed by the logjam in the Senate, as the House-passed Build Back Better Act would make major investments to <u>reduce child poverty</u> by 40 percent, expand access to health care, invest in affordable housing, child care, home and community-based care for the aging and people with disabilities, and promote broadly shared economic security, with special attention to the needs of people with low incomes, communities of color, and immigrant families. For more details on the legislation, see the <u>Nov. 22 Human Needs Report</u>.

Assuming the Child Tax Credit provisions are not included in a reconciliation package, advocates are looking at other vehicles that may be available to move the improvements. One possibility is a year-end package that could combine all 12 appropriations bills as well as health extenders and tax extenders that will expire at the end of the year. Another possibility is a research and development competitiveness bill (the <u>COMPETES Act</u> passed the House in February; the Senate version, the U.S. Innovation and Competition Act, passed the Senate in June, and differences between the two versions are currently being worked out). Each of these pieces of legislation will need 60 votes to pass the Senate. Advocates

are insisting that neither of these pieces include extensions of corporate tax breaks without also including the extension of the CTC/EITC improvements. However, in the latest twist, Senate Minority Leader Mitch McConnell threatened last week to sink the bipartisan competitiveness bill if Democrats pursue a reconciliation package.

Sen. Mitt Romney (R-UT) also recently introduced a bill that would address the Child Tax Credit. According to the <u>Center on Budget and Policy Priorities</u>, the proposal improves on some elements of current law, but it fails to provide the full CTC to the lowest income children and dramatically cuts the Earned Income Tax Credit, eliminates the filing status for single parents, and eliminates a tax credit for child care. This would leave many families with low incomes and immigrant families worse off under the Romney plan than they are under current law.

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#### **Bipartisan Gun Legislation Signed into Law**

On June 25, President Biden signed into law bipartisan gun legislation with some positive aspects and some aspects that concern advocates. The Bipartisan Safer Communities Act (S. 2938) did not go as far as most Democrats wanted, but it was deemed a compromise that could get Republican support in a divided Senate. The law will strengthen criminal background checks for those under age 21 and incentivize states to provide records of criminal convictions and mental health crises to the National Instant Background Check System for people 16 and older. It will also create grants for states to support crisis intervention programs and would expand restrictions on gun ownership for individuals convicted of domestic violence against a dating partner.

The bill contains <u>several mental health provisions</u> that advocates applauded, including funding for mental health services in schools, expansion of telehealth services, increased enforcement of diagnosis and testing programs, the expansion of certified mental health clinics, and additional funding for a nationwide 988 suicide prevention hotline.

However, many advocates expressed opposition to provisions in the law intended to "harden" schools, including increased funding for police in schools, that have disparate impacts on students of color and those with disabilities and have been shown to do more harm than good. The <u>National Center for Youth Law</u> said, "Approaches such as school hardening, student surveillance, and police on campuses put all students at risk, and particularly children and communities of color."

Advocates also opposed the Supreme Court's decision on June 23 to overturn New York's concealed-carry permitting law. <u>Everytown for Gun Safety</u> said in a statement that "the Supreme Court got this decision wrong, choosing to put our communities in even greater danger with gun violence on the rise across the country." As CHN's <u>Public Policy Priorities document</u> states, "CHN supports stronger gun violence prevention laws and programs to prevent the senseless violence that continues to threaten

children's safety and the safety of our communities, with a focus on non-punitive community-based violence prevention and intervention models that treat violence like a public health issue."

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#### **Congress Passes Critical Child Nutrition Provisions**

On June 25, President Biden signed into law the Keep Kids Fed Act (S. 2089), extending some pandemic school meal waivers just days before they were set to expire on June 30. According to the <u>Food Research & Action Center</u> (FRAC), the law, passed by Congress on June 24, increases reimbursements to schools and child care centers, supports access to summer meals, and streamlines access to healthy meals for children in family child care. It will also help shield some of the impacts of inflation, supply chain disruptions, and labor shortages.

In a <u>statement</u>, FRAC called the law "a critical first step to help avert a summer hunger crisis, support access to child care meals, and provide additional funding and flexibility needed for school nutrition operations." However, FRAC also noted the provisions do not provide much-needed access to free school meals for millions of school-aged children who will lose access if schools are unable to offer meals to all their students at no charge in the upcoming school year. Advocates are calling on Congress to make additional investments in child nutrition programs through the upcoming budget reconciliation to prevent child hunger and support children's access to free school meals.

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We appreciate your input. Give us your thoughts on our *Human Needs Report* at <a href="mailto:limbery@chn.org">limbery@chn.org</a>.