

# The Human Needs Report

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# With No Compromise in Sight on FY23 Spending Bills, a Stopgap Bill is Likely

Members of Congress return to work in D.C. this week after their August recess, with less than a month to go before the Oct. 1 start of the federal Fiscal Year 2023. None of the 12 required appropriations bills required to keep the government funded have been passed by both chambers yet, and some reports are that negotiations have not even really begun in earnest yet in the Senate. Therefore, Congress will need to pass a stopgap spending measure known as a Continuing Resolution, or CR, before the end of September to avoid a government shutdown.

But even that might not be an easy task. Senate Majority Leader Chuck Schumer has expressed his intent to add to the CR certain energy permitting provisions that were a <u>side deal between Sen. Manchin</u> (D-WV) and party leaders as part of the agreement in passing the Inflation Reduction Act, which was signed into law in August (see the related article in this *Human Needs Report* for more on this legislation). However, a CR needs bipartisan support to pass the Senate, and Republican senators have said they are not inclined to support the follow-up to a law that passed without any Republican support. Many advocates also oppose the addition, saying it would have a slew of damaging impacts for communities with environmental justice concerns, imperiled species, climate, water, and more, while

helping the fossil fuel industry. While it is uncertain how this aspect will be resolved, it is expected that Congress will pass a CR this month likely to extend into mid-December. It has been reported that a vote could happen as early as the week of Sept. 12.

And what will become of full-year appropriations, past the stopgap CR? That is also uncertain. Congressional leaders have not yet reached a bipartisan agreement on topline spending numbers. 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 specific new spending levels for all appropriated accounts, while a continuing resolution provides flat funding at the previous year's levels with very few exceptions.) Some appropriations experts have speculated that leadership in both parties will prefer to finish up with an omnibus by the end of the calendar year, to clear the decks for the new Congress. Still, if the GOP regains a majority in the House, Republicans may want to pass another CR that goes into early next year and wait to negotiate spending bills when they have more leverage. Democrats, meanwhile, are more inclined to want to pass spending bills at the end of this year, while they still hold slim majorities in the House and Senate.

President Biden, acknowledging that a CR will be necessary to prevent a government shutdown, has sent Congress a request for \$47.1 billion in emergency supplemental funding that could be attached to a stopgap bill, well above the \$21 billion in supplemental funding the Senate Democrats have proposed. The president's request includes \$22.4 billion for COVID-related funds, \$4.5 billion for monkeypox, \$11.7 billion for Ukraine, \$2 billion to offset higher domestic energy prices, \$6.5 billion in disaster aid, and \$500 million for more heating and cooling assistance. The Administration also provided a list of programs that would require language changes or funding increases within the CR. These exceptions to the flat funding usually provided in a temporary CR are known as anomalies. The anomalies proposed by the president include funding for Afghan resettlement in the U.S. and other refugee needs, disaster relief, and behavioral health crisis funding.

The House drafted spending bills using topline numbers in line with <u>President Biden's budget request</u>, totaling \$1.6 trillion. This is \$132 billion above the FY22 enacted levels, a 9 percent increase. The House Appropriations Committee passed all 12 spending bills covering the various government departments, and in July Democrats passed (along party lines) on the House floor a "minibus" package containing <u>six of the bills</u>: the Transportation – Housing and Urban Development, Agriculture, Energy – Water, Financial Services, Interior – Environment, and Military Construction – Veterans Affairs bills. Details of those bills are available from the House Appropriations Committee.

The Senate Democrats' bills, which were unveiled in late July, totaled \$1.67 trillion in discretionary spending for Fiscal Year 2023. According to the <u>Senate Democrats</u>, their bills include \$653 billion in nondefense (domestic and international) discretionary spending (also known as NDD), a 10.1 percent increase over fiscal year 2022. Most education and housing programs fall into this category, plus many social service, public health, veterans' services, criminal justice, homeland security, environmental and community development programs. The Senate bills also included \$850 billion in defense discretionary spending, an 8.7 percent increase over fiscal year 2022 (nearly double the 4.5 percent increase proposed in House Democrats' spending bills, but in line with the bipartisan National Defense Authorization Act passed by the House). The Senate package separates out \$118.7 billion for VA medical care, a 22 percent increase over fiscal year 2022 (this is the projected increase in the cost of care from FY22 to FY23). Advocates have been <u>urging Congress</u> to separate out VA medical care from NDD spending, as 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. The Senate package also includes \$21 billion in emergency supplemental funding to provide the necessary resources to prepare for the next phase of the COVID-19 pandemic and to address other emerging diseases that pose a significant threat to public health. A summary of all 12 bills, from the Senate Appropriations Committee, is <u>here</u>. Details on each bill can be found <u>here</u>.

**CQ/Roll Call** <u>cites</u> different numbers for nondefense spending in the Senate bills, <u>saying</u> it totals \$815.6 billion after adding back VA medical care and "several adjustments and exemptions allowed under various budget laws, as well as scraping up additional discretionary funds by capping spending on mandatory programs, mostly the Children's Health Insurance Program." This amounts to a nearly 12 percent increase over current funding. The comparable nondefense topline for House spending bills is \$829.1 billion, a nearly 14 percent increase over the \$730 billion for this fiscal year. The practice of using savings from mandatory programs to boost discretionary spending is known as Changes in Mandatory Programs or CHIMPs.

Additional emergency spending in the Senate bills, according to CQ/Roll Call, includes include \$2.5 billion in the Labor – Health and Human Services – Education measure for refugee and entrant assistance, including for unaccompanied children who cross the border; \$2.9 billion in the Interior – Environment measure, largely for disaster relief including at national parks; \$1.4 billion in housing recovery funds for disaster victims in the Transportation – HUD bill; and an additional \$950 million for fiscal 2023 global pandemic preparedness efforts in the State – Foreign Operations measure.

Appropriations bills need 60 votes – and therefore some Republican support – to pass in the Senate. As Republicans oppose the higher nondefense and lower defense funding levels used in the House and Senate bills, Democratic and Republican leaders will need to agree on topline funding levels, subcommittee allocations (known as 302(b) allocations), and any policy changes (known as riders) to get appropriations bills passed. The Senate bills may therefore serve more as a starting point for these negotiations, as those include higher levels of defense spending, one of the top priorities for many Republicans. 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 spending.

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>. For more on earlier appropriations work this year, see the <u>July 5 Human Needs Report</u>. CHN is compiling resources to add to a FY23 Appropriations Resource page; if you or your organization have resources to share, please email them to <u>limbery@chn.org</u>.

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### Select Highlights from the Senate Appropriations Bills

According to the <u>Senate Appropriations Committee</u>, the Senate Labor – Health and Human Services – Education (Labor-H) spending bill would provide \$20.1 billion for **Title I grants** to high-poverty schools, up \$2.6 billion over FY22. This is short of the \$20.5 billion provided in the <u>House bill</u> and well short of the \$36.5 billion provided in <u>President Biden's proposed FY23 budget</u>. The Senate bill would also boost the maximum **Pell Grant** amount by \$500, matching an increase in the House bill. The Senate bill contains a provision, also in the House bill and president's budget, to allow Deferred Action for Childhood Arrivals (DACA) participants to receive Pell Grants. **Minority-serving institutions**, including historically Black colleges and universities, tribal colleges, and Hispanic-serving institutions, would receive \$1.1 billion, a \$219 million increase from current funding. Funding for federal **TRIO programs** would increase \$138 million over FY22 to \$1.3 billion, shy of the \$161 million increase in the House bill and president's budget.

Among the Department of Health and Human Services programs, the Senate bill provides \$10.5 billion for the **Centers for Disease Control** (CDC), \$2 billion more than last year's funding and equal to the House proposal. Both Senate and House bills proposed \$100 million for programs related to **Social Determinants of Health**, a substantial \$92 million increase over last year's funding. The Senate Democratic appropriators are proposing \$7.2 billion for the **Child Care and Development Block Grant**, an increase of \$1 billion or 16 percent, similar to the House bill; the president's budget requested \$7.6 billion. **Head Start** receives \$12 billion in the Senate proposal, an increase of \$1 billion or 9 percent, and \$400 million less than the House version.

The **Substance Abuse and Mental Health Services Administration (SAMHSA)** is funded at \$9.1 billion in the Senate bill, \$2.6 billion or nearly 40 percent higher than current year funding, in response to the continued alarming levels of substance use disorders as well as increasing need for mental health services related to the pandemic.

The Senate Labor-H bill would also provide \$288 million for the Department of Labor's **Wage and Hour Division** to help enforce laws surrounding issues like the federal minimum wage and overtime pay, \$25 million less than the House bill and roughly \$20 million less than the president's request. It also includes roughly \$3 billion for **Workforce Innovation and Opportunity Act State Grants**, an increase of \$80 million over FY22. The House bill proposes a sizable increase of \$256 million over current funding and \$116 million above the president's request. The Senate bill includes \$4 billion for the **Low Income Home Energy Assistance Program (LIHEAP)**, which provides heating and cooling assistance to about 6 million low-income households; this is an increase of \$200 million over FY22 and is the same as the House bill.

According to the <u>National Low Income Housing Coalition</u>, the Senate Transportation – Housing and Urban Development (THUD) spending bill provides \$70 billion, including \$10.3 billion in offsets, for HUD's affordable housing, homelessness, and community development programs – an increase of \$4.3 billion over FY22-enacted levels but \$3 billion less than the House bill and \$1.9 billion less than the

amount proposed in President Biden's FY23 budget request. The House bill would expand rental assistance to 140,000 additional households, while President Biden requested expanding the program to serve 200,000 additional households; the Senate bill would only expand rental assistance up to 5,000 additional households. The Senate bill calls for \$3.4 billion for the **public housing capital fund**, an increase of \$17 million over the FY22 enacted level, but \$265 million less than what was provided in the House bill, and \$315 million less than the president's request. The Senate bill proposes funding the **HOME Investment Partnerships Program (HOME)** at \$1.73 billion, \$50 million more than the House proposal but \$225 million less than the president's request, and \$225 million above FY22 enacted levels. It would also provide \$228 million to support affordable, accessible **housing for people with disabilities**; this matches the president's request but is \$64 million less than FY22 levels and is \$112 less than the amount provided in the House bill. For more information on housing programs in the appropriations bills, see this <u>budget chart</u> and <u>House</u> and <u>Senate</u> bill analyses from the National Low Income Housing Coalition.

The Senate Commerce – Justice – Science bill includes \$20 million less for the **Census Bureau** than the House bill, the president's budget, and <u>the request from advocates</u>.

As previously mentioned, the Senate bills also included \$850 billion in defense discretionary spending, an 8.7 percent increase over fiscal year 2022 (nearly double the 4.5 percent increase proposed in House Democrats' spending bills, but in line with the bipartisan National Defense Authorization Act passed by the House). This is \$37 billion more than President Biden's \$813 billion defense topline request, and includes spending the Pentagon did not ask for, such as over \$4 billion more for ships. CHN signed a letter coordinated by the People Over the Pentagon campaign, which noted that handouts to the military-industrial complex come at the expense of funding to address urgent human needs.

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# Inflation Reduction Act Signed into Law

On Tuesday, August 16, President Biden signed into law the Inflation Reduction Act. The law will invest roughly \$369 billion in energy and climate change programs over the next 10 years, representing the largest congressional climate action in history; extend the expanded Affordable Care subsidies for three years, preventing painful increases in premiums for millions and stopping 3 million Americans from becoming uninsured; lower the cost of prescription drug prices for Medicare recipients, saving seniors much-needed money; and reduce deficits by roughly \$300 billion over the next decade.

The Senate <u>passed</u> the legislation on August 7, and the House <u>followed</u> on August 12. In both chambers, the bill passed along party lines, with all Democrats and Independents supporting the measure and no Republicans doing so.

CHN Executive Director Deborah Weinstein said in a <u>statement</u> about the law's enactment, "Members of the Coalition on Human Needs applaud the victory that the President's signature represents: the unflagging efforts by the Administration and members of Congress to make progress because they recognized that failure would be measured in preventable sickness, hardship, and growing environmental threats."

For details about what's in the law, see the <u>August 9 Human Needs Report</u>. For more information, including reports, analyses, and statements from CHN members and partners, see <u>CHN's 2022</u> <u>Reconciliation Resource Library</u>.

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We appreciate your input. Give us your thoughts on our Human Needs Report at limbery@chn.org.