Budgets Are a Children's Issue
Agenda

• CLC: Who we are and what we do

• Federal Budget: What is it and the Process
  • Appropriations Process and Reconciliation

• Outlook for Children in Key Areas

• Major Threats in the next 2-4 years: what they are, timeline

• Important things to Remember

• Ways to Get Active

• Q and A
C.R.E.A.M: Cash Rules Everything Around Me

“Whenever I would get discouraged, I’d see the faces of the people who were going to have no voice in government if I weren’t elected. A lot of them were female. A lot of them were people of color. And a lot of them were white, and they were poor. And they didn’t matter.”

-Congresswoman Gwen Moore
Children’s Leadership Council: Who We Are and What We Do
The CLC believes the federal budget is a children’s issue
What are children’s programs?

1. Medicaid, CHIP, SNAP, TANF, Supplemental Security Income (SSI)

2. Social Security survivors and dependent benefits

3. Earned Income Tax Credit (EITC)

4. Child nutrition programs including school lunch and breakfast programs, WIC

5. Early care and education programs, such as Head Start and Early Head Start, Pre-K

6. Child Care Development Block Grant

7. Additional educational programs, including k-12, vocational education and higher education programs, student loans, federal work study program

8. Violence prevention, intervention and safety programs, that help abused and neglect children, children in foster care and children who are runaways and/or homeless.

9. Job training, YouthBuild, and mentoring programs for youth
FEDERAL BUDGET & PROCESS

What Is It and Why Does It Matter?
What makes up the Federal Budget and what does is mean for children in Washington?

- WA receives around $75 billion dollars per year.
- The federal government provided WA 29.2% of state revenue in FY 2014. (September of 2013-October 1 of 2014)
- The federal budget and appropriations process brings money to WA by:
  1. Funding for the state budget k-12, higher education, Medicaid and TANF
  2. Funding local governments-everything from Community Development Block Grants to housing and disaster assistance to public transit improvements
  3. Funding social services through monies directly to non-profits and service providers
  4. Employing people within the state
  5. Direct payments to individuals: Social Security and Medicare benefits, food stamp benefits, unemployment benefits, and federal education assistance like Pell Grants.

Most of Budget Goes Toward Defense, Social Security, and Major Health Programs

- Defense and international security assistance: 16%
- Social Security: 24%
- Medicare, Medicaid, CHIP, and marketplace subsidies: 25%
- Safety net programs: 10%
- Interest on debt: 6%
- Benefits for federal retirees and veterans: 8%
- Transportation infrastructure: 2%
- Education: 3%
- Science and medical research: 2%
- Non-security international: 1%
- All other: 3%

Source: 2015 figures from Office of Management and Budget, FY 2017 Historical Tables

CENTER ON BUDGET AND POLICY PRIORITIES | CBPP.ORG
Step One: The President's Budget is usually released in February.

The President’s budget:

• broadly outlines how much money the president believes the federal government should: (1) spend; (2) bring in as taxes; and (3) how much of a deficit (or surplus) the federal government should run;

• tells specifically how much money the president would like to spend on key areas such as defense and health as well as individual programs, such as Head Start; and

• tells Congress what the President recommendations for spending and tax policy changes.

• The President’s budget is often used in negotiations between the President and Congress-think of the President’s budget as basically his/her wish-lists when it comes to issues around the federal budget, appropriations or taxes.
Key Programs in the President’s Budget: Discretionary Programs

- Programs that must have their funding renewed every year are called annually appropriated programs or discretionary programs.

- The President’s budget—being as detailed as it is—spells out how much funding he recommends for each discretionary program.

- Discretionary programs make up about one-third of all federal spending.

- Almost all defense spending is discretionary.

- Funding for a number of programs that help babies, children and youth is also discretionary, including: Head Start and some child care funding; education and afterschool programs, and runaway and homeless youth programs.

- Spending that is discretionary but NOT defense spending is called Non-defense discretionary spending. (NDD)

**EASY TO REMEMBER: NDD=Kids**
Key Programs in the President’s Budget: Mandatory Programs and Tax Policy Changes

- Programs that do not have to have their funding renewed every year are called mandatory programs or mandatory spending.

- Mandatory programs make up more than one-half of all federal spending.

- Mandatory programs include entitlement programs: Medicare, Medicaid, Social Security and SNAP, formerly food stamps.

- It also contains additional programs, such as: federal civilian and military retirement benefits; veterans’ disability benefits; and unemployment insurance that are not controlled by annual appropriations.

- The President's budget doesn’t include funding amounts for these programs but may include suggested changes to them and/or tax laws.
  - Suggested changes for mandatory programs such as Medicaid, SNAP, Medicare or Social Security often involve changes to eligibility criteria and/or levels of individual benefits.
Step two: Congress reacts to the President’s budget and creates its own.

- The House and Senate Budget Committees hold hearings on the President’s budget.

- Then they draft their own budget *resolutions* and pass them out of the respective H/S committees.

- The House and Senate budget resolutions then are voted on the floors of House and Senate. They can be amended by a majority vote.

- If there are differences between the two budgets, the House and Senate then host a meeting or *conference* to resolves any differences. The final document is called the conference report.

- The House and Senate then each pass the final conference report.

  - The conference report only needs a majority to pass in both the House and Senate and it cannot be filibustered in the Senate.

  - The conference report is a “concurrent” congressional resolution, not an ordinary bill. So the President does not need to sign it or veto it.
Step 3: Appropriations

Head Start $$$$$$

• After Congress has adopted its budget resolution, the annual appropriations process starts.

• The appropriations process is where the bills to fund discretionary programs and legislation to enact changes to mandatory spending or revenue levels are written.

• Key for Head Start Programs:
  – In both the House and Senate, the Appropriations Committee receives a single 302(a) allocation for all of its programs.
  
  – It then decides on its own how to divide this funding among its 12 subcommittees, creating what are known as 302(b) sub-allocations.
  
  – This is where children’s groups are often pitted against each other for discretionary funding.

12 Appropriations Subcommittees

Agriculture, Rural Development, Food and Drug Administration, and Related Agencies

Commerce, Justice, Science, and Related Agencies

Defense

Energy and Water Development, and Related Agencies

Financial Services and General Government

Interior, Environment, and Related Agencies

Labor, Health and Human Services, Education, and Related Agencies

Legislative Branch

Military Construction, Veterans Affairs and Related Agencies

State, Foreign Operations, and Related Programs

Transportation, Housing and Urban Development, and Related Agencies
Step 3: Reconciliation
Medicaid, ACA, SNAP

- Sometimes Congress makes use of a procedure known as reconciliation to bypass the Senate filibuster and make changes to mandatory spending and taxes. This procedure was originally designed to force committees to produce spending cuts or tax increases called for in Congress’s budget resolution. In order to reduce the deficit.

- My experience:
  1. Reconciliation is a fast-track procedure that Congress uses when one party controls the White House and simple majorities in Congress in order to push forth controversial or partisan policies that otherwise couldn’t pass in the Senate (60 votes i.e. to overcome a filibuster.) Ex: the Affordable Care Act (ACA) was passed with reconciliation.

  2. Going forward, it will be a quick way for Congress to make harmful changes to major programs that help children, individuals with disabilities, and the elderly.

  3. Republicans in Congress have already said they will use it to repeal the ACA. May also be used in the next 2-4 years to cut Medicaid, Medicare and SNAP (food stamps). This is important for you because state-federal mandatory programs (Medicaid/CHIP/IV-e/TANF) have a direct impact on the WA state budget and possibly the children you serve (and their families).
Step 3: Reconciliation
Medicaid, ACA, SNAP

How reconciliation works?

1. Congress must put instructions in its budget resolution for committees to produce legislation that meets certain spending or tax targets.

2. The House and Senate Budget Committees then compile the legislation/cuts –specified by each relevant committee– into one reconciliation bill. The reconciliation bills are voted on the floors of House and Senate.

3. If there are differences between the two, the House and Senate then host a conference to resolves any differences.

4. The House and Senate then each pass the reconciliation bill. The bill needs only 51 votes in the Senate. In the new Congress, democrats will need three republicans to vote against a reconciliation bill to stop it.

5. The bill goes to the President for signature or veto.
Outlook for Children and Programs that help them
Key Questions to Ask?

1) Are the changes that are being proposed changes to the structure program?

2) Are the changes that are being proposed irreversible?

3)
Major Threats

- **Affordable Care Act**: serves 22 million people. threat: repeal

- **Medicaid**: serves 37 million kids, including those with disabilities. threat: block grant

- **SNAP**: 48% of recipients are children. threat: block grant

- **Supplemental Security Income (SSI)**: 48% of recipients are children. threat: program elimination

- **Social Service Block Grant**: roughly 1.3 million disabled children: threat program elimination

- **NDD Funding**: Non-Defense Discretionary Spending: additional cuts to spending
Additional Threats

- Children’s Health Insurance Program
- Child nutrition programs, such as school lunch programs (possible block grant)
- Education, including early education funding and policy (possible block grant)
- Poverty Agenda: possible block grant of multiple programs such as housing or job training and/or adding work requirements
- Unemployment Insurance
- Tax reform
- Infrastructure offsets
- Immigration Reform and civil rights issues
Changing the Structure of Key Children’s Programs: Here Come the Block Grants

Block Grant: a way to give states maximum flexibility with a capped amount of funding

Also called:
• flexible funding stream
• flexible funding
• demonstration pilot
• demonstration program
• pilot projects
• opportunity grants
• Innovative

• The idea for block grants is not new or innovative. It has been around for more than 20 years. 20 years ago was part of the Contract with America proposals.

• Republicans are expected to try and block grant Medicaid and SNAP and possibly child nutrition programs, Head Start, housing programs and more. They may also try Per Capita Caps which are mini-block grants or demonstration projects which are also mini-block grants.
Why block grants are harmful for children?

1. Block grants don’t respond to increased need due to population increases, economic downturns, natural or man-made disasters or other events—all of which may increase the number of children in need of anti-poverty and human service programs.

2. Block grants don’t keep up with rising costs, including those caused by situations above or because of inflation. This means less money for children in need and the programs that help them.

3. Block grants allow states to divert federal funds from the intended program goals. This also means less money for children in need and the programs that help them as states can use federal dollars to ‘free up’ their state dollars for other activities, instead of using the federal dollars to be ‘in addition’ to state dollars.
Children’s Healthcare: Threats and Opportunities

Threats:

• Incoming President is a strong supporter of repealing the Affordable Care Act (ACA). New Department Health and Human Services Secretary is a strong support of repealing the ACA, and making changes to Medicare and Medicaid.

• Paul Ryan has recommended block granting Medicaid. Medicaid- provides coverage for roughly 37 million children, including children with disabilities, children from low-income families, and children in foster care. about ¼ of all Medicaid spending is spent on children.

• Paul Ryan has suggested for years changing Medicare to a voucher for future retirees. While this idea is not something Senate Republicans up in 2018 would be interested in doing, nor is the incoming President, advocates should watch for potential threats to Medicare which would harm the parents and grandparents of children in the US.

Opportunities:

• Incoming President is on the record opposing cutting Medicare, Medicaid and Social Security. He also has expressed support for keeping key ACA provisions important to children such as coverage up to age 26 and coverage for pre-existing conditions in a new law.

• Senate’s Health, Education, Labor and Pension Committee has a more bipartisan approach to addressing issues and WA Senator Murray is Ranking Member on this committee.
Timeline of Specific Threats to the Affordable Care Act (ACA): January of 2017

- In January Congress will pass a reconciliation bill for FY 2017 to repeal the Affordable Care Act.

- Republicans can undue parts of the ACA through reconciliation - the fiscal parts such as the subsidies, Medicaid expansion - but they can’t undue all of it because some of it is just policy ex: coverage for pre-existing conditions.

- ACA repeal would phase in after 2018 mid-term elections i.e. maybe in 2019. But it is TBD.

- The replacement bill for the ACA would be written over the next three years.

- House Freedom Caucus members and others do not want a two-three year delay. So Republicans may have trouble in the House getting everyone on board. In the Senate Republicans will need to work with Democrats to get 60 votes.
Children’s Healthcare: Threats and Opportunities

Timeline of specific threats to Medicaid, CHIP and Medicare: Fall of 2017

• ACA repeal bill will most likely repeal the Medicaid expansion.

• Republicans would also like to block grant the entire Medicaid program. It is unclear when this would happen but most likely in fall of 2017 or 2018.
  – states could decide eligibility, copays, deductibles and coverage
  – We are hearing that republicans would like to add a sanction-based work requirement to Medicaid (without an exemption for individuals with disabilities).
  – They are also talking about a per capita cap or mini-block grants.

• The Children’s Health Insurance Program which serves an estimated 8 million children also needs to be reauthorized. It is unclear if changes to CHIP would go through a regular legislative process or be put into the reconciliation bill in the fall of 2017.

• Medicare voucher proposal would also possibly come up in a second reconciliation bill in the fall of 2017. Medicare serves about 55 million adults.
Children’s Nutrition: Threats and Opportunities

Threats:
• The incoming President may potentially rollback regulations and standards around fat, sugar and sodium in school meal programs. This may happen in January.

• House Education and Workforce Committee Chairwoman Virginia Fox is looking at rolling back the federal government’s role in education. She would oversee a reauthorization of the child nutrition programs, including changes to child nutrition programs such as school breakfast and lunch programs.

• Republicans would like to block grant the entire SNAP program and turn the program back to the states- with the states deciding eligibility. There would be a work requirement. This could either come up during Farm Bill reauthorization or during reconciliation in the fall of 2017.

Opportunities:
• Strong bipartisan support for nutrition programs, including SNAP in the Senate.
Education, Head Start and Pre-K: Threats and Opportunities

Threats:

• Incoming President is a strong supporter of vouchers for k-12 education and is not a strong supporter of pre-k.

• New Department of Education Secretary has a background around k-12 education and is a strong supporter of vouchers. It is unclear her policies on early education

• Congress.

• House Education and Workforce Committee Chairwoman Virginia Fox is looking at rolling back the federal government’s role in education.

• Paul Ryan recommended block granting early learning programs including Head Start in his Better Way anti-poverty plan. So, advocates will have to be vigilant to make sure harmful changes to these programs do not make it into law.

Opportunities:

• First daughter is a strong supporter of child care, especially tax policies. This can be helpful going forward as advocates can maybe educate her on the importance of Head Start.

• Strong support for funding Head Start and child care programs in Congress, which may help protect it from cuts going forward. And WA Senator Murray is on the Senate Appropriation Committee as well as the appropriations subcommittee that oversees funding for Head Start.

• Senate’s Health, Education, Labor and Pension Committee has a more bipartisan approach to addressing education issues and WA Senator Murray is Ranking Member on this committee.
Economic Security

Threats

- **Republicans would like to eliminate the Social Service Block Grant (SSBG).** In FY 2013, 48 percent of the SSBG recipients, or 13.5 million, were children. SSBG funds vital programs important to babies, children, youth and families, including foster care, child abuse prevention services, and child protective services. It is estimated that millions of children will be impacted by the elimination of SSBG.

- **Paul Ryan would like to get rid of SSI for children.** Roughly, 1.3 million children, including some with the most severe impairments and illnesses, living in families with low incomes and limited resources receive SSI, which averages $650 per month for a child. This additional money helps families pay for health care, food, clothing and other necessities for these children. Eliminating SSI cash assistance would push more children with disabilities and their families into deep poverty and severe hardship.

- **NDD funding:** The Budget Control Act (BCA) of 2011 is one of the main reasons that federal funding is inadequate to meet the needs of our nation’s children and their families. It capped spending and included additional cuts called sequestration. Congress may look to extend the caps or modify sequestration in ways which could harm children’s programs.

Opportunities

- **Bipartisan support in the Senate for SSBG.** And we have fought the elimination of SSI before and won. We can do it again.

- **Bipartisan support for expanding the Earned Income Tax Credit for workers.**

- **First daughter is a strong supporter of paid leave and equal pay which would help women care for their families.**
NDD Funding Threatened with Sequester

• Funding for a number of programs that help babies, children and youth is discretionary, including: education programs and Head Start; runaway and homeless youth programs; youth job training and afterschool programs. Spending that is discretionary but NOT defense spending is called Non-defense discretionary spending. (NDD)

• The Budget Control Act (BCA) of 2011 is one of the main reasons that federal funding is inadequate to meet the needs of our nation’s children and their families. It capped spending and included additional cuts called sequestration.

• The Budget Control Act (BCA) will continue to cap discretionary spending for years. For children and youth, this means the potential for reduced or flat funding for the next several years for programs that help them and their families.

• And unless Congress acts, additional cuts in funding for FY 2018, as a result of sequestration, will further erode the ability of programs to serve our nation’s children, youth and families.

• We anticipate that Congress may: extend the caps on discretionary spending beyond 2023; shift defense sequestration cuts to non-defense programs and/or increase the cuts to non-defense discretionary spending. The savings from these programs will then be used to offset costs for other items.
Timeline

- 1st week of January a reconciliation bill will be brought forth to repeal the ACA and Medicaid expansion.

- January –April the Senate will be working on conformations of the President’s cabinet. House may be working on infrastructure, taxes, aca replacement. An infrastructure package may be tied to a tax reform package.

- February-March: FY 2018 Budget and Appropriations process starts. It will include instructions for another reconciliation bill.

- April: House and Senate will start the process for a second reconciliation bill. This bill won’t move until the fall of 2017 but may include: CHIP, Medicaid, SNAP, SSI and Medicare. May also include changes to other programs.

- End of April- Beginning of May: FY 2017 funding expires and Congress needs to appropriate funding for the rest of the fiscal year which ends September 30th. The Senate will need 60 votes to pass a funding bill- this gives Senate democrats like Patty Murray leverage.

- March-June: Debt Ceiling must be raised.

- March- September: Congress needs to appropriate funding for FY 2018 as the new fiscal year in Washington starts October 1, 2017. Congress will work on the second reconciliation bill.
So, What is the Good News?

Important Things to Remember
So, what is the good news?

We have fought these fights before and we know what we need to do. We need to organize!

We have champions on both sides of the aisle that we can work with. And the Senate needs 60 votes - this means Republicans in the Senate need 8 Democrats.

We have proof of what works
• Medicaid
• SNAP
• School Lunch and Breakfast
• Head Start
• EITC/CTC
• Housing assistance

Most people did not vote for what Congress is about to push forward.
More Good News: The Public Is on our Side

CLC polling found: Americans support increasing investments in the health, education and nutrition of children. 63 percent (more than three in five) adults said that we should be spending more on education, health and nutrition programs to meet the needs of children.

70 percent of Americans believe children would be better off if government did more to support parents and families.

CAP polling found: 86 percent of Clinton voters and 65 percent of Trump Voters support increase federal investments in childcare to ensure that no family in America pays more than 10 percent of its income on high quality child care.

CAP Polling also found: 80 percent of Trump Voters and 84 percent of Clinton voters believe “protecting Social Security and Medicare” should be a priority for the next president and Congress.
More Good News: Senator Murray!

- Senator Patty Murray is in Senate Leadership

- She sits on the Senate Budget Committee which will be in charge of writing the Senate’s budget as well as dealing with reconciliation.

- She sits on the Senate Appropriations Committee, which oversees discretionary funding.
  - Senator Murray is Ranking Member of the Subcommittee on Labor, Health and Human Services, and Education—which is the major appropriations committee for funding that impacts children throughout the US. This subcommittee also determines what the Senate recommends Head Start be funded at every year.

- Health, Education, Labor & Pensions (HELP) Committee - Ranking Member. This committee is in charge of key children’s policies and programs such as CCDB and ESEA.
Unknowns: Potential Good News?

• Unclear Where Incoming President Stands on a lot of things. He is often called a pragmatist.

• Incoming President he has a good relationship with new Senate Minority Leader Chuck Schumer. Who is also from NY and is a partner of Patty Murray.

• Unclear how much will Republicans in Congress side with the new President
  – House Freedom Caucus on economic issues, such as infrastructure and spending
  – Senate Republicans up in 2018 who represent all people in the states on civil rights issues, such as criminal justice, immigration/immigrant rights, international issues, block granting, ACA repeal

• Unclear how much will Democrats in Congress side with the new President
  – House Democrats/Senate Democrats who want to fight back but may work with him on child care, paid family leave, infrastructure. Unclear how much senate democrats who are up in 2018, who are from states Trump won and/or moderate/conservative democrats will work with senate republicans and the new president or will oppose them.

• We have leverage: 60 votes in Senate, or turn 3 republicans in the Senate if reconciliation is happening.
How can you get involved?

- CHN Save Sign on Letter in support of safety net programs

- Coalition on Human Needs along with the CLC is doing a webinar on reconciliation on Friday, December 16, 12:00 noon ET (11:00 a.m. Central; 10:00 a.m. Mountain; 9:00 a.m. Pacific) 60 minutes.

- Sign up for our email alerts at www.childrensleadershipcouncil.org

- Get ready to fight in January!
Learn more

Organizations:

• Children’s Leadership Council: www.childrensleadershipcouncil.org

• Center on Budget and Policy Priorities: www.cbpp.org

• Coalition Human Needs: www.chn.org

• National Priorities Project: State Smart
  https://www.nationalpriorities.org/smart/
Closing thoughts: Federal Budget Choices Matter to WA Children

• Budgets are practical things and about moral issues - about where we spend our money:
  
  – For the Department of Defense, taxpayers in the state of Washington are paying $13.03 billion, not including the cost of war, those tax dollars could have paid for over 1 million Head Start Slots for Children for 1 Year

  – For the Federal Prison System, taxpayers in the state of Washington are paying $184.43 million. Those tax dollars could have paid for 17,346 Head Start Slots for Children for 1 Year
Thank You!

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