



County Welfare Directors Association of California

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To: County Welfare Directors Association of California

From: Tom Joseph, Director, CWDA Washington, D.C. Office

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Re: Federal Update

The House and Senate are in recess and will return after Labor Day.

The Federal Budget and Sequestration

FY 2013 Spending Bills: House and Senate leaders have agreed to adopt a six-month extension of current federal spending before the September 30 deadline. Under the bipartisan agreement, overall spending under the Continuing Resolution would reflect the amounts outlined in the budget agreement (P.L. 112-25) reached a year ago. House Tea Party members had signaled earlier this summer that they wanted \$19 billion in spending cuts below the Budget Control Act level, which would have been rejected by the Senate.

The agreement delays any decisions on reallocating funds or cutting programs until the 113th Congress convenes. In the meantime, programs that were proposed for cuts -- such as the Community Services Block Grant, Social Services Block Grant and Workforce Investment Act programs -- will receive level funding.

Sequestration: Agreement to delay any decisions on FY 2013 spending until March 2013 helps take off the table at least one post-election negotiation. The across-the-board cuts, however, will still occur on January 2, 2013 if Congress and the Obama Administration do not act.

The Office of Management and Budget (OMB) has yet to provide any details on the across-the-board cuts. Domestic and defense program stakeholders have requested such information from OMB over the past year. OMB has demurred, stating that it wants to work on a broader budget proposal that would obviate the need for the seven to nine percent cut from many programs.

Under the Budget Control Act which created the sequester mechanism, OMB has the final say in determining which programs are subject to the cut. While it is clear that most discretionary programs are indeed subject to the cuts, the exact percentage cut is still not known.

While Democrats and Republicans remain deeply divided on whether or how to avoid the January 2, 2013 sequester, they are coalescing around one demand: that the

Administration provide a detailed account of what programs, domestic and defense, would be subject to the cuts and by what amount.

Last month, the House adopted 412-2 a bill (H.R. 5872) requiring the Administration to provide those details. Under the measure, OMB must submit the report to Congress no later than 30 days after President Obama signs the legislation. Across Capitol Hill, Senate Democratic and Republican leaders appear close to agreeing to adopt the House bill, but it was not adopted in the Senate before the recess.

More broadly, sequester details may help inform each parties' strategy on working together or separately to craft a larger bill post-election that deals with other big-ticket items such as the December 31, 2012 expiration of the Bush-era tax cuts. Depending on the outcome of the presidential and congressional elections, there are various legislative swaps that may be made to disarm the sequester by allowing certain tax cuts to expire, such as the one providing relief to households earning \$250,000 or more annually.

Farm Bill/ SNAP

Before the recess, the House adopted short-term drought disaster relief bill (H.R. 6233) that still requires Senate approval. There were efforts right before the congressional break to attach a one-year extension at current levels of all farm bill provisions, including SNAP. That effort failed. House and Senate Agriculture Committee leaders have stated that they would like to try to find a way of passing a farm bill in September. While the Senate passed its version (S. 3240) in June, the House has not brought its bill to the floor. House Speaker Boehner (R-OH) appears to be having difficulty finding enough Republicans to approve their version.

Senate Floor Action: Among the amendments considered during the earlier Senate debate was a CWDA-supported provision offered by Senator Kirsten Gillibrand (D-NY) that would have restored a \$4.5 billion cut to the Supplemental Nutrition Assistance Program (SNAP). While both California Senators voted in favor of the amendment, it was defeated, 66-33.

The cut will place restrictions on the "Heat and Eat" program which coordinates SNAP and the Low-Income Home Energy Assistance Program (LIHEAP) by providing small cash LIHEAP benefits directly to SNAP households. To date, 14 states have used the option. Some states have provided a LIHEAP monthly benefit as small as \$1 to help meet LIHEAP's requirement for outreach and simplify the SNAP shelter deduction calculation. By triggering the shelter deduction, it serves to increase SNAP benefits. The provision in the Senate-passed bill increases the minimum monthly LIHEAP benefit to \$10. A number of Democratic senators opposed the Gillibrand amendment, including Senate Agriculture Committee Chair Debbie Stabenow (D-MI). They argued that the \$1 benefit served as a state 'loophole.'

California plans to implement the option next year, with approximately 200,000 households benefitting from the policy. Nationally, the Congressional Budget Office (CBO) estimates that the cut would mean that an estimated 500,000 households a year would lose \$90 per month in SNAP benefits.

House Committee Action: The House Agriculture Committee's farm bill (HR 6083) contains far deeper cuts to SNAP, with the greatest share of 'savings' coming from

restricting categorical eligibility to only those individuals who are receiving cash benefits under TANF, SSI and other income assistance programs. The Center on Budget and Policy Priorities estimates that between 2-3 million individuals would lose coverage. According to estimates published by the California Department of Social Services, as many as 177,000 households with incomes under 130% of the federal poverty line could have benefited from the state's Categorical Eligibility policy over the past two fiscal years. The House measure also contains the Heat and Eat cut adopted by the Senate.

Temporary Assistance for Needy Families (TANF): In July, the U.S. Department of Health and Human Services issued a state TANF Information Memorandum announcing that it will consider state or county waiver applications to waive certain TANF federal work participation requirements if such alternative programs achieved TANF's goals of moving families into self-sufficiency. As is the case with federal waivers, counties would have to go through the state to apply for a sub-state waiver.

House and Senate Republicans immediately denounced the move and introduced legislation, contending that HHS does not have the authority to grant such waivers. The bill, *Preserving Work Requirements for Welfare Programs Act of 2012* (H.R. 6140) has 105 Republican co-sponsors and has become a rallying point for Republicans on the campaign trail. Senate Finance Committee Ranking Member Orrin Hatch (R-UT) has introduced a companion bill, S. 3397, with 16 Republican cosponsors.

While TANF is expected to be temporarily extended before the September 30 deadline, it is not certain whether there will be policy riders attached to it, such as a provision limiting or denying HHS waiver authority over TANF work requirements. Such an policy rider effort would likely be opposed by Senate Democratic leadership.