



★ WASHINGTON WATCH ★

An update on federal action from

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Negotiations between the President and Congressional leaders on welfare and Medicaid have slowed considerably in the last few weeks. As the last *Washington Watch* reported, the National Governor's Association (NGA) released their proposal for welfare and Medicaid reforms in early February. Except for the President and Congressional leaders responding to this proposal, there has been little other activity. Hearings on the NGA proposal are slated for this week. As we indicated in the last *WW*, this edition will provide an update on current Congressional action and negotiations affecting food and nutrition programs and the Earned Income Tax Credit.

FOOD AND NUTRITION PROGRAMS

Provisions for significant changes to future spending reductions in federal food and nutrition programs were included in the Budget Reconciliation Act (BRA) and the welfare reform bill (HR 4). Although vetoed, they still represent the latest Republican proposals for these programs. In addition, the NGA proposal includes related provisions.

Most of the federal food programs have received their funding for FY 96 in the Agriculture Appropriations bill. However, should a budget bill or welfare bill be passed before the end of the year, they potentially could affect funding for food programs in this fiscal year.

Following is a table including major food and nutrition programs, legislation with provisions related to these programs, and a brief summary of the significant issues arising from that legislation.

PROGRAM	RELEVANT LEGISLATION	SIGNIFICANT ISSUES
FOOD STAMPS	Agriculture Appropriations Bill	<ul style="list-style-type: none"> • funds food stamps through end of FY 96
	Vetoed BRA and vetoed welfare reform bill	<ul style="list-style-type: none"> • allows certain states, including Texas, to permanently convert food stamp program to a block grant • reduces benefits • restricts eligibility, including barring legal immigrants
	Farm Bill, Senate version (S.1541), passed 2/7/96	<ul style="list-style-type: none"> • reauthorizes food stamps
	Farm Bill, House version (H.R.2854), pending	<ul style="list-style-type: none"> • does not include food stamp provisions; inclusion of such provisions will be debated by Senate and House in conference on the bill
	NGA proposal	<ul style="list-style-type: none"> • similar to BRA, includes optional food stamp block grant • calls for at least \$25 billion in cuts to food stamps, while tentative negotiations between President and Congress require \$22 billion.
	Changes to administrative rules to be proposed by USDA beginning in Feb.	<ul style="list-style-type: none"> • includes regulatory reform to streamline overly prescriptive rules, shifting focus to desired outcomes
CHILD NUTRITION	Agriculture Appropriations Bill	<ul style="list-style-type: none"> • funds child nutrition programs through end of FY 96.
	Vetoed BRA and vetoed welfare reform bill	<ul style="list-style-type: none"> • proposes reductions in funding for all programs except WIC
<ul style="list-style-type: none"> • Women Infants and Children (WIC) 	Agriculture Appropriations bill	<ul style="list-style-type: none"> • increase of \$260 million over last year; expected to be enough to fully serve all eligible individuals
	Vetoed BRA and vetoed welfare reform bill	<ul style="list-style-type: none"> • no longer contains a proposal to convert WIC to a block grant • excludes illegal and certain legal immigrants from WIC
<ul style="list-style-type: none"> • School Lunch & Breakfast 	Vetoed BRA and vetoed welfare reform bill	<ul style="list-style-type: none"> • provides for a block grant demonstration project in 7 states • excludes illegal and certain legal immigrants • eliminates start up and expansion funds, and extra reimbursement for high-participation schools
	NGA Proposal	<ul style="list-style-type: none"> • does <u>not</u> include provisions for a block grant demonstration project • maintains entitlement to school lunch and breakfast for eligible children, but provides funding for administrative costs in a block

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		grant
• Summer Food and Child & Adult Care Food Programs	Vetoed BRA	• eliminates start-up and expansion funds for each program
• Special Milk	Vetoed BRA	• freezes reimbursement rate
• Nutrition Education & Training (NET)	Vetoed BRA	• changes NET to a discretionary program • funding reduction of \$10 million per year
COMMODITIES	Agriculture Appropriations Bill	• provides funding for the 3 commodity programs combined at a reduced level; states may choose how to split funding between TEFAP and Soup Kitchen/Food Bank Programs; Texas chose to not fund TEFAP
	Vetoed BRA	• \$300 million/year mandatory funding for TEFAP
EXPANDED FOOD & NUTRITION EDUCATION	Agriculture Appropriations Bill	• funds Expanded Food and Nutrition Education at a reduced level
COMMUNITY FOOD & NUTRITION	Labor, Health and Education Appropriations Bill pending	• funding proposed in Senate bill, but eliminated in House bill • Texas already has FY 1996 funding in hand
SENIOR MEALS	Labor, Health and Education Appropriations Bill pending	• bill still pending
	Continuing Resolution (H.R. 1643) of 1/12	• funds Senior Meals through 9/30/96 at 5% below 1995 level • some reductions in services occurring in Texas
	Older Americans Act	• was due to be reauthorized in 1995; but still pending.
COMMUNITY FOOD SECURITY ACT		• generally supported by Congress; likely to be included in either the Farm bill or welfare reform bill, whichever addresses food stamps

NATIONAL GROUPS URGE CONTINUING ADVOCACY

IMMIGRANT EXCLUSIONS IN THE WIC PROGRAM TROUBLING TO NATIONAL ADVOCATES: The Washington D.C.-based Center on Budget and Policy Priorities is concerned about provisions in the welfare bill which limit the participation of immigrants in federally funded programs, particularly WIC. They urge advocates for low-income people to contact their Congresspersons this week, while the Congress is in recess, to voice their concerns about excluding legal immigrants from WIC and other child nutrition programs.

THE "JUST SAY VETO" CAMPAIGN requests that advocates continue sending the President their message to JUST SAY VETO during the week of February 26 to March 1. They ask advocates to thank the President for his veto of the welfare bill and BRA and to urge him to veto any legislation that ends the guarantee of welfare to the neediest of families. You can CALL OR FAX THE WHITE HOUSE at (202)456-111; fax (202)456-2461.

EITC

Things are looking up for the Earned Income Tax Credit (EITC). Last year it seemed like large reductions in the EITC might be made in the budget reconciliation bill. It has now become clear that any changes in the EITC will be relatively modest. In the ongoing budget negotiations, Congressional leaders have substantially scaled back demands for the reductions Congress passed last fall, while the President has maintained his opposition to most changes. The proposal recently presented by the National Governors Association would reduce EITC by \$10 billion. The President is currently willing to accept \$5 billion in cuts, while the Republicans recently offered \$15 billion. In contrast, the budget bill passed by the Senate would have slashed the credit by \$42 billion over seven years.

It is possible that some forms of income not currently considered taxable—such as Social Security benefits received by low- or moderate-income families—could be counted when a family's income is calculated for EITC purposes. This could reduce EITC benefits for between 5 to 10 percent of EITC families. In addition, it is possible small reductions could be made in the benefits of families with children that have incomes above \$11,610 and the modest credit now provided to very poor workers without children could be dropped.

However, it seems likely that any changes will preserve the basic structure of the EITC for families with children and avoid substantial benefit reductions for the large majority of such families.

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