

The House and Senate Budget Committees released their respective budget resolutions promising to balance the budget by 2025. While these blueprints involve a number of changes to mandatory entitlements and discretionary spending, this analysis focuses on programs that impact children: Medicaid, the Supplemental Nutrition Assistance Program (SNAP), non-defense discretionary (NDD) spending, and reconciliation instructions that would require cuts to federal investments in children.

Medicaid and the Children's Health Insurance Program

Both the Senate and House budgets would replace Medicaid with a block grant. A block grant would change Medicaid's guarantee of health care for eligible individuals, including children and pregnant women, to annual allotments to states that fail to adjust for population growth, economic changes, public health crises, or natural disasters. While states already have flexibility with how they administer Medicaid, they would be responsible for covering costs above the federal allotment or they could be forced to constrain coverage or care for children and other residents. A [2012 First Focus analysis](#) shows how block-granting Medicaid, which currently covers 28 million children, would be particularly harmful for children by subjecting them to rationing of coverage and care.

- **Senate:** The Senate budget offers fewer details, noting only that it would "modernize Medicaid based on the successful model of the Children's Health Insurance Program," and promising more flexibility for states. It would also cut Medicaid by \$400 billion. Like the House, the Senate budget also provides a deficit-neutral reserve fund for CHIP.
- **House:** The House budget merges the Children's Health Insurance Program (CHIP) into Medicaid and cuts funding by \$913 billion over the next ten years, in addition to cutting more than \$900 billion by repealing the Affordable Care Act Medicaid expansion. The program is replaced with "State Flexibility Funds" that effectively makes Medicaid a block grant with a cut of 14 percent in 2017, deepening to one-third in 2025. This could leave as many as 14 million people without coverage. The budget provides the House Energy and Commerce Committee with the flexibility to address the expiring funding for CHIP with a deficit-neutral reserve fund. This would allow changes later in the year, as long as the higher spending is offset with other spending cuts or revenue increases.

The Supplemental Nutrition Assistance Program

SNAP is working as it was designed to: enrollment went up during the recession because the number of food insecure households went up. Now the economy is slowly recovering and enrollment in SNAP is slowly decreasing, while costs are decreasing more rapidly and are expected to continue declining. Roughly 50 percent of SNAP recipients are children, meaning changes to SNAP impact about 22 million children.

- **Senate:** The Senate budget would cut a total of \$4.3 trillion in mandatory spending, which includes SNAP, but does not specify the impact on individual programs.
- **House:** The House budget proposes to turn SNAP into a block grant to states (also termed "State Flexibility Funds" in the budget), threatening to derail an initiative that proved effective in reducing childhood hunger in the most recent recession. The budget cuts \$125 billion from SNAP between 2021 and 2025, which would result in significantly fewer people receiving benefits, reduced benefits, or both. Either of these outcomes would likely negatively impact the 50 percent of SNAP recipients who are children.

Sequestration and Non-Defense Discretionary Spending

The House and Senate budget resolutions maintain the sequestration caps for fiscal year (FY) 2016 on defense and NDD spending, which will impact funding for education, housing, child abuse and neglect prevention and response, pediatric disease research, nutrition programs for children, pregnant women and babies, and other important investments in children. Starting in FY 2017 through 2025, both House and Senate budgets lower the caps, but President Obama is unlikely to sign FY 2016 appropriations bills unless there is an overall agreement on spending. The Office of Management and Budget director Shaun Donovan has said, "I think the president has made very clear he will not accept a budget that locks in sequester and he will not accept a budget that severs that vital link between defense and non-defense." This looks to be a signal

for a potential deal in the future on spending levels for FY 2016.

- **Senate:** The Senate budget maintains sequestration levels for FY 2016 and maintains defense caps from 2017 through 2025, but lowers NDD funding from 2017 through 2025 by a total of \$236 billion. These cuts would be about 24 percent below the 2010 level. During the Senate Budget Committee debate, an amendment was approved to increase defense spending, without making changes to NDD funding.
- **House:** The House budget maintains sequestration funding levels for FY 2016, which is \$103 billion below the FY 2010 funding level. Beginning in 2017, it proposes consistent cuts to NDD spending totaling \$759 billion through 2025. By 2025, funding for NDD spending would be 33 percent below the 2010 level (adjusted for inflation). Over the same period, the budget increases discretionary defense spending.

Reconciliation

Both the Senate and House budgets include reconciliation instructions to a number of committees to come up with a certain amount of savings by a certain date this year. While the president does not sign budget resolutions into law, he will consider reconciliation legislation.

- **Senate:** The Senate budget provides reconciliation instructions to the Senate committees on finance and health, education, labor, and pensions (HELP) are expected to come up with at least \$1 billion each in savings by July 31, 2015. In the Senate Committee on Finance, this could mean major changes to Medicaid and for HELP, we could see changes to education funding and early childhood initiatives (Head Start and the Child Care and Development Block Grant).
- **House:** The House budget provides reconciliation instructions to 13 of the House committees. Among them, the committees on agriculture, education and the workforce, energy and commerce, and ways and means have been instructed to each find savings of at least \$1 billion each for fiscal years 2016 through 2025, by July 15, 2015 in their respective jurisdictions, which include Medicaid, CHIP, SNAP, federal education programs, and other nutrition programs such as the Special Supplemental Nutrition Program for Women, Infants, and Children and the national school lunch and breakfast programs.

Taxes

Neither the House nor the Senate budget extend the 2009 Earned Income Tax Credit and Child Tax Credit enhancements, which are set to expire in 2017.

Next Steps

The House and Senate are expected to take up these resolutions and will likely pass them before the spring recess. While the timeline is tight, with only three legislative days between when Congress returns from the Easter recess and the April 15 statutory deadline, Congress is expected to pass a joint Budget Resolution. The House GOP has a commanding majority and will pass the resolution if they reach agreement between fiscal hawks and those who want an increase in defense spending. The plan needs 51 votes to be adopted in the Senate; with a 54-46 majority in the Senate, the GOP can only afford to lose three Republican votes and still adopt the plan. No Democrat is likely to vote for it in the House or the Senate.