

# OMNIBUS AND TAX AGREEMENT: WHAT'S IN IT FOR KIDS?

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December 2015

Congress recently sent a [bipartisan fiscal package](#) to President Obama that averts another shutdown and keeps the federal government running through September 2016. It also included tax provisions that would benefit children and families, but creates harm and burden for millions of immigrants. The House passed fiscal year (FY) 2016 omnibus appropriations legislation (by a [316-113](#) vote) and tax legislation (by a [318-109](#) vote) separately before being passed by the Senate as one package by a [65-33](#) vote.

## Highlights in the Omnibus Package

**Child and youth homelessness** – Programs serving homeless children and youth saw significant increases for the first time in several years. This includes an increase of \$5 million (or 7 percent) for the McKinney-Vento Education for Homeless Children and Youth Act program, which is now funded at \$70 million. The Runaway and Homeless Youth Act also saw a significant increase of \$4.98 million (or 4 percent) from FY 2015, and is now funded at \$119 million. There were also increases and new funding for homeless children and youth in the Transportation-Housing and Urban Development section, including a \$115 million increase for Homeless Assistance Grants, up to \$33 million to implement projects that demonstrate how a comprehensive approach can dramatically reduce youth homelessness, and up to \$5 million to provide technical assistance on youth homelessness and the collection, analysis and reporting of data, and performance measures under the comprehensive approaches to serve youth experiencing homelessness.

In addition, there were some policy reforms to help homeless youth access homeless assistance and other critical services. Youth ages 24 and under seeking assistance under the Continuum of Care program shall not be required to provide third party documentation to establish their eligibility or to receive services, unaccompanied youth ages 24 and under, or families headed by youth ages 24 and under, who are living in unsafe situations may be served by youth service providers that receive U.S. Department of Housing and Urban Development (HUD) Homeless Assistance grants. Finally, HUD is authorized to participate in the existing Performance Partnership Pilot (P3) with the departments of education, labor, health and human services, and justice to develop innovative, cost-effective and outcome-based strategies aimed at disconnected youth.

Additional report language includes \$2 million for a prevalence study on runaway and homeless youth, authorized under the Runaway and Homeless Youth Act, as well as language that directs the secretary of HUD to ensure that incentives created through the continuum of care application process fairly balance priorities for different populations, including youth, families, veterans and people experiencing chronic homelessness.

**Child Poverty Study** – The omnibus agreement also provided \$750,000 for a landmark study on child poverty, which directs the U.S. Department of Health and Human Services to enter into an agreement with the National Academy of Sciences to provide an evidence-based, non-partisan analysis of the macroeconomic, health, and crime/social costs of child poverty, as well as recommendations to reduce the number of children living in poverty in the United States by half in ten years.

**Early Childhood** – In the omnibus agreement, Congress increased funding for early childhood programs, notably, \$9.2 billion for Head Start, which is \$570 million more than the 2015 enacted level and \$378 million more than the U.S. House of

Representatives bill. Also included were \$250 million for Preschool Development Grants (the same as the FY 2015 enacted level) and \$2.8 billion for Child Care and Development Block Grants (\$326 million more than the 2015 enacted level and the U. S. House of Representatives bill) The agreement also increased funding by \$15 million each for the Individuals with Disability in Education Act, Part B Preschool Grants, and Part C Grants for Infants and Families.

**Education** – Overall, discretionary spending on education is up nearly \$1.171 billion under this agreement. Notably, there was \$500 million increase in Title I allocations to provide a total of \$14.9 billion for school districts and schools serving low-income students, including children and youth experiencing homelessness with services not ordinarily provided to other students under Title I. All education funding is under the provisions of Elementary and Secondary Education Act's (ESEA) *No Child Left Behind*, not the most recently enacted *Every Student Succeeds Act*. The new ESEA provisions will not start until the 2017-2018 school year.

**Health** – The package provides \$12.6 billion to support pediatric research as authorized by the Gabriella Miller Kids First Research Act at the National Institutes of Health (NIH), which received \$2 billion in additional funding. Also at NIH, the omnibus agreement continues to support the mission and goals of the National Children's Study, to build upon the scientific knowledge forming our understanding of the childhood antecedents of adult disease by examining a wide range of environmental influences from before birth through adolescence and into adulthood. The omnibus also includes \$10 billion increase to address substance abuse and mental health needs among Native Youth. Community Health Centers would also receive \$1.491 billion to provide care to children, regardless of the ability to pay.

**E-cigarettes** – Lawmakers also rejected a policy rider that would have shielded electronic cigarette manufacturers from an approval process by the U.S. Food & Drug Administration that could potentially keep their products off the shelves. The Centers for Disease Control and Prevention reported that e-cigarette use among middle and high school students tripled in one year. A new generation of smokers is becoming addicted to nicotine, and the flavoring in the vapor they inhale was recently linked to a lung disease called "popcorn lung" by Harvard researchers. Moreover, e-cigarette retailers are already aggressively marketing to our children as popular candy and cereal brands like Cap'n Crunch and Starburst.

**Immigration** – The omnibus excludes a provision that would have prohibited the Department of Homeland Security or any other federal agency from expanding the Deferred Action for Childhood Arrivals (DACA) or implementing the Deferred Action for Parents of Americans (DAPA) and Lawful Permanent Residents while the court injunctive order remains in effect. This provision was included previously by the U.S. House of Representatives.

**Nutrition** – The spending bill is free from child nutrition riders that were previous proposed in the U.S. House of Representatives version. Child nutrition programs on the whole saw a slight bump to about \$22 billion. While the Special Supplemental Nutrition Program for Woman, Infants, and Children (WIC) received a slight decrease, down to \$6.35 billion, those resources will fully fund participation of low-income pregnant, breast feeding, and postpartum women as well as infants and children up to age 5. Also, it is worth noting that the Summer Electronic Benefit Demonstration grants will receive \$23 million to provide families of low-income children access to food during the summer months when school is out. Currently, Summer Nutrition Programs only reach one in six of the 30 million children who rely on the National School Lunch Program. Finally, the Supplemental Nutrition Assistance Program (SNAP) saw a decrease to \$80.8 billion from \$81 billion.

**Youth Job Training** – The bill provides a \$5 million bump to fund YouthBuild at \$85 million to help at-risk youth obtain high school diplomas while also learning job skills by building affordable housing for low-income and homeless people in their communities. The additional funding will be used for additional grants to help over 300 more high school youth at risk of dropping out.

## Tax Extenders

Congress also passed a tax package that makes permanent expiring provisions of the earned Income Tax Credit (EITC) and Child Tax Credit (CTC), and delays the Cadillac Tax that would impact insurance plans that cover children and families.

The CTC provides a credit of \$1,000 per qualifying child to tax filers up to a maximum income level. It is, however, not refundable – low-income families who owe no income taxes do not receive it. The additional child tax credit (created under the 2001 Bush tax plan) offers a refundable credit to households that don't owe income taxes. Prior to the 2009 American Recovery and Reinvestment Act (ARRA), also known as the economic stimulus, tax filers with income of \$10,000 or more could receive 15 percent of their income above this level as a refundable credit, up to \$1,000 per child. ARRA and subsequent tax bills in 2010 and 2012 reduced this amount to \$3,000, which provides refundable credits to more low-income families. These provisions are set to expire in December 2017, but this tax package makes them permanent.

The EITC was increased for families with three or more children and income eligibility was increased for married families as part of the ARRA in 2009 and the subsequent tax bills. Like the CTC, these provisions were set to expire in December 2017. These provisions have now been expanded permanently. If the EITC provisions had expired, many low-income families would have faced reductions in their EITC starting in 2018 and married families would be impacted more than single-parent families.

Together, the CTC and EITC helped lift about 5.2 million children out of poverty in 2014.

It is important to note that the tax deal also included provisions that would harm children living in low-income families. Specifically, the bill denies retroactive EITC claims to immigrants who obtain a new Social Security number, including those that are lawfully present. The bill also denies retroactive claims of the CTC and its refundable component, the Additional Child Tax Credit, as well as the American Opportunity Tax Credit, to immigrants who did not have a valid Individual Taxpayer Number (ITIN) in previous years. Finally, the tax package creates additional barriers for obtaining an ITIN, making it significantly more difficult for immigrants to file their taxes. With children of immigrants comprising nearly one third of all low-income children, these provisions threaten the economic well-being of children, including more than 5 million children living in mixed-status families.