

FACT SHEET: House Republican Budget Bill Would Harm Students, Workers, Health Care, and the Economy in North Carolina

Congressional Republicans have started to show how they plan to budget at discretionary levels that are the lowest in a decade, adjusted for inflation. House Republicans are proposing to shortchange students, workers, our nation's health, and the economy by cutting overall funding for the Departments of Labor, Education, and Health and Human Services by roughly \$15 billion, or 9 percent, compared to the President's Budget. Through a combination of funding cuts and ideologically-motivated provisions, the Republican Labor, Health and Human Services, Education, and Related Agencies Appropriations bill being marked up in full committee in the House today would, for example, leave millions of Americans without health insurance, reduce access to early education, make college students more vulnerable to poorly performing career colleges, and jeopardize worker rights and safety.

The deep cuts in the House Republican bill are a direct result of their decision to lock in funding cuts imposed by sequestration. Sequestration was never intended to take effect: rather, it was supposed to threaten such drastic cuts to both defense and non-defense funding that policymakers would be motivated to come to the table and reduce the deficit through smart, balanced reforms. The President's Budget would reverse these cuts going forward, replacing the savings with commonsense spending and tax reforms in order to make investments important to families, the economy, and our national security. Unfortunately, the bills and appropriations targets released to date double-down on a very different approach. Under the Republican bill:

Millions of Americans could lose their health care coverage, and innovations that are helping to slow health care cost growth and improve quality would be blocked. After five years of the Affordable Care Act (ACA), more than 16 million people have gained health insurance coverage, bringing the uninsured rate to the lowest level on record. Through a combination of funding cuts and ideologically-motivated restrictions, the House Republican bill would obstruct the functioning of the Health Insurance Marketplaces, jeopardizing or disrupting coverage for the more than 10 million people, including 492,000 in North Carolina, currently enrolled in health insurance plans through the Marketplaces.ⁱ It would also deny assistance to States, like North Carolina, that could insure an additional 313,000 individuals by expanding Medicaid.ⁱⁱ

The bill also seeks to turn back the clock on the progress we've made in containing health care costs and improving quality. Recent years have seen exceptionally slow growth across a wide range of measures of health care costs. The ACA has contributed to these trends by reducing excessive Medicare payments to Medicare providers and private insurers and by supporting innovative new ways of paying for health care in Medicare and throughout our health care system that encourage lower-cost, higher-quality care. The ACA's impact on health care cost and quality will grow in the years ahead as successful delivery system reforms mature and are scaled up and additional innovative reforms are implemented. The House Republican bill would block many of these reforms by rescinding essentially all funding for cost-saving and quality-improving delivery system reform innovation at the Center for Medicare and Medicaid Innovation and eliminating the Agency for Healthcare Research and Quality.

Young children would lose access to high quality early education. Motivated by evidence that students who spend more time in high quality early learning programs learn more, the President's Budget provides a \$1.5 billion increase for Head Start so that all Head Start children have access to a full school day and year of high-quality instruction and to increase enrollment. By contrast, under the funding provided by the House Republican bill, either more than 570,000 children in Head Start would not receive the full-day, full-year services they need to succeed (including roughly 11,600 fewer children in North Carolina), the program would serve some 140,000 fewer children as compared to the President's Budget, or some combination of both.

The bill also blocks major efforts to expand high-quality public preschool to more four-year-olds by eliminating Preschool Development Grant funding for the eighteen states that are creating or expanding high-quality preschool programs for low- and moderate-income children. Pulling these funds away from communities jeopardizes their plans to provide high-quality early learning for more than 100,000 children, including nearly 60,000 children who would lose access to public preschool entirely and thousands more who would lose out on key quality improvements to existing preschool programs. The President's Budget, by contrast, expands the number of states that could undertake this important work.

K-12 students will be shortchanged. The House Republican bill provides \$2 billion less than current year funding and \$5 billion less than the 2016 President's Budget for our nation's schools. It would eliminate 19 programs that serve primarily PreK-12 students and underfund core programs, including Title I, which supports educational improvements for our most vulnerable students. Compared to the President's Budget, North Carolina would receive \$30.2 million less in Title I funding for disadvantaged students, an amount that is enough to fund about 90 schools, 420 teacher and aide positions, and 44,500 students. These eliminations take away critical resources being used to turn around low-performing schools, enhance STEM education, promote the arts, create safe school environments, and support educators who are doing the important work of preparing America's students for the future.

Colleges would become less accountable for providing a quality and affordable education. Even as students across the country are reeling from the actions of failed and fraudulent career colleges, the bill includes a series of ideologically-motivated provisions that roll back important efforts to hold schools accountable to both students and taxpayers. Recent school closures and evidence of fraud at certain for-profit institutions make it clearer than ever that we need more – not less – oversight, transparency, and accountability in higher education. Yet the House Republican bill would roll back a set of important accountability initiatives, including the "Gainful Employment" regulation, which is designed to bar poor performing career college programs from accessing student aid. The bill also would halt the Administration's efforts to provide students and families with clear information about how students who attend different colleges fare.

Fewer workers would get job training or help finding a job. Under the House Republican bill, two million fewer Americans, including an estimated 58,500 fewer workers in North Carolina, would have access to services to help them find jobs and gain skills. At a time when workers need new skills to succeed in today's economy and businesses are struggling to find skilled workers, the bill provides almost \$500 million less for employment and training programs than the President's Budget. The bill also slashes funding for grants to areas facing mass layoffs or

natural disasters, denies needed support for implementation of the bipartisan Workforce Innovation and Opportunity Act, and provides none of the requested funds to expand apprenticeships so more workers and employers can benefit from this proven learn-and-earn model.

Enforcement of workers' rights, benefits, and safety protections would be weakened. The bill includes deep cuts and ideologically-motivated provisions that would hamstring the agencies charged with protecting the safety, health, wages, benefits, retirement security, and collective bargaining rights of the nation's workers. It underfunds the enforcement of minimum wage, child labor, family leave, wage and hour, and workplace safety laws; blocks regulations that would help protect workers' retirement savings; and blocks implementation of an initiative to ensure that Federal contractors maintain safe workplaces and pay fair wages to their employees. In 2014, the Department of Labor recovered \$7.3 million in back wages for workers in North Carolina. Under the House Republican bill, an estimated \$70 million less in back wages would be recovered across the nation – money that would make a real difference for workers and their families.

Social Security beneficiaries and applicants would see poorer service from the Social Security Administration. The House Republican bill provides \$652 million less for the operation of the Social Security Administration (SSA) – the agency charged with making sure retirees, people with disabilities, survivors and dependents of workers get the Social Security benefits their families have earned. This cut in funding compared to the President's Budget could lead to reduced hours of service and longer in-office wait times at North Carolina's 35 SSA field offices, as well as longer phone service delays and more busy signals for those who call SSA for help. The bill also limits the resources SSA can use to conduct periodic eligibility reviews in its programs, making it harder for the agency to ensure that benefits are going to those who continue to meet the disability and income eligibility requirements.

The number of national service members working in communities across the country would be sharply reduced. The House Republican bill includes almost \$500 million, or 42 percent, less than the President's Budget for national service programs. The Republican bill would fund approximately 50,000 AmeriCorps members, meaning that 40,000 fewer members than under the President's plan would be able to serve their communities while earning money to cover college costs or repay student loans. In the 2014-2015 program year, an estimated 1,410 AmeriCorps members are serving in North Carolina. AmeriCorps members serve in more than 25,000 locations across the country--including thousands of public schools, communities hit by disaster, organizations helping veterans, tribal nations, and faith-based groups. Under this bill, AmeriCorps would have to drop many of these service areas and projects.

Millions of low-income women would not receive needed preventative and reproductive health services. The House Republican bill would eliminate funding for Title X Family Planning, which would serve nearly five million low-income women and men each year under the President's Budget. In 2014, Title X served 110,200 individuals in North Carolina. These services, which do not include abortion, help avert approximately one million unintended pregnancies annually. Additionally, the bill dramatically decreases funding for the evidence-based Teen Pregnancy Prevention (TPP) program that has made strides in teenage pregnancy

prevention across the Nation. U.S. teen birthrates have fallen to record lows and the reduction of TPP funding could hamper significant progress made in this health care area.

Our Nation would have fewer resources to effectively respond to and recover from public health emergencies and catastrophes, such as a hurricane, anthrax outbreak, or disease pandemic. The bill underfunds our ability to ensure safe and effective medical countermeasures are available through the Biomedical Advanced Research and Development Authority (BARDA) to protect Americans and does not support increased funding to procure new medical countermeasures through Project BioShield that are needed to protect against potential chemical, biological, radiological and nuclear attacks. Further, the bill fails to provide the \$110 million requested in the President's Budget to more effectively respond to urgent public health crises, like an infectious disease outbreak, that require immediate or sustained responses.

In addition to the reduction in services that North Carolina would experience as a result of the House Republican proposals for the Departments of Labor, Education, and Health and Human Services, other House Republican bills written at sequestration funding levels would also have significant consequences for North Carolina, including:

- **Access to Affordable Housing:** Compared to the President's Budget, the House Republican budget would fund 100,000 fewer Housing Choice Vouchers, reducing opportunities for low-income households to find decent, safe housing in the private market. Not only does the House Republican budget fail to restore the 67,000 vouchers lost due to the 2013 sequestration, it is also insufficient to renew 28,000 existing vouchers. As a result, approximately 530 fewer North Carolina families would receive Housing Choice Vouchers in 2016, compared to the previous year, and even more would lose out relative to the President's Budget. These cuts are even more problematic in light of new research released this year that found large positive effects of housing vouchers on long-term educational and earnings outcomes for young children.
- **Efforts to End Homelessness:** Compared to the President's Budget, the House Republican budget reduces funding for Homeless Assistance Grants, supporting 15,000 fewer homeless or at-risk families with rapid rehousing and 25,500 fewer units of permanent supportive housing targeted to the chronically homeless. In January 2014, there were 11,500 homeless individuals in North Carolina - including roughly 2,600 who were unsheltered - but only 5,600 permanent supportive housing beds. House Republican cuts would further strain states and communities, set us back in meeting the President's ambitious goals for ending chronic, family, and youth homelessness, and jeopardize the progress we have already made in ending homelessness for veterans.
- **Critical transportation programs:** The highly successful, competitive TIGER grant program allows the Federal government to invest in transportation projects that can have a transformative impact on a region or a metropolitan area. Over the past three years, North Carolina received \$61.8 million for these projects, which spur innovation and propel economic mobility by helping connect people to jobs in communities across the United States. The House Republican budget would slash TIGER grant funding to nearly 80 percent below its lowest level ever, despite the fact that the program is vastly

oversubscribed. The Republican budget also cuts locally planned transit capital investments by more than 40 percent below the President's Budget and shrinks funding for Federal Aviation Administration (FAA) facilities to the lowest level in fifteen years, worsening traffic delays and hampering FAA's ability to keep our airspace safe

- **Scientific Research:** Nationwide, compared to the President's Budget, the House Republican budget would lead to roughly 600 fewer research grants at the National Science Foundation (NSF) and cuts to clean energy research and development of roughly 40 percent, adversely affecting research essential to the future health, innovation, and economic competitiveness of the Nation. In 2014, North Carolina received competitive NSF research awards that supported 2,290 researchers and scientists, including graduate and undergraduate students.
- **Veterans Medical Care:** Nationwide, funding for Department of Veterans Affairs (VA) medical care would be cut by more than half a billion dollars, negatively impacting veterans' care. In 2014, 215,000 North Carolina veterans relied on the VA for care.
- **Internal Revenue Service (IRS) Customer Service and Preventing Tax Fraud:** IRS taxpayer services in North Carolina would continue deteriorating below already unacceptable levels, and efforts to investigate fraud and reclaim taxpayer dollars would be further hampered. The House Republican budget cuts IRS funding by \$2.8 billion, or 22 percent, compared to the President's Budget. Since 2010, the IRS budget has already been cut by roughly 17 percent, adjusted for inflation, despite the fact that, between 2010 and 2014, the number of individual tax returns filed in North Carolina increased by 205,300. The House Republican budget sets funding at a level, in real terms, below IRS's 1991 budget. The IRS estimates that the reductions in enforcement staff as a result of budget cuts that have already occurred will lead to a loss of \$7 billion to \$8 billion in lost revenue in 2015 alone. If the IRS is forced to absorb the additional cuts in the House Republican budget, enforcement revenues in 2016 would be more than \$12 billion less than they would have been if the 2010 staffing levels had been maintained.
- **National Parks:** Construction and repair & rehabilitation projects would be prevented or delayed at the following five national parks in North Carolina: Appalachian National Scenic Trail; Cape Hatteras National Seashore; Carl Sandburg Home National Historic Site; Moores Creek National Battlefield; and Guilford Courthouse National Military Park.

ⁱ <http://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2015-Fact-sheets-items/2015-06-02.html>

ⁱⁱ https://www.whitehouse.gov/sites/default/files/docs/medicaidmissedopportunities2015_final_v3.pdf