Default on America Act: Summaries and One Pagers

<u>Default on America Act: Radical, Extreme Cuts to Discretionary Funding Would Make America Less Safe, Healthy, Competitive, and Fair</u>

Prepared by the Senate Appropriations Committee.

Overview

Speaker McCarthy's debt limit bill – which includes many of his 11th hour concessions to the ultra-MAGA crowd in order to become Speaker – is an unserious plan that would crater nondefense discretionary funding. The radical, extreme cuts in the McCarthy bill would far exceed the cuts imposed under the Budget Control Act of 2011 and sequestration, from which the agencies, programs, and policies are only recently beginning to recover.

For discretionary funding, the McCarthy bill would: (1) freeze funding for fiscal year (FY) 2024 at FY 2022 levels – with cuts likely borne entirely by nondefense policies and programs and (2) cap and limit funding in years after 2024 to 1 percent a year through FY 2033–dramatically growing the magnitude of the nondefense cuts relative to the CBO baseline over the next decade.

For FY 2024, the McCarthy bill would cut discretionary funding by a total of $144 billion relative to FY 2023 enacted. Applied equally across defense, veterans medical care, and nondefense, that cut would equal nearly 9%. If, however, as indicated by many House Republicans, the cuts are to be absorbed entirely by nondefense discretionary (NDD) – that is, hold defense and VA medical care harmless - the cut to NDD would total around 22%. Further, compared to the CBO baseline level for 2024, which adjusts for inflation, the cut would total $228 billion, or around 15% for all discretionary programs and around 30% for just NDD.

For fiscal years 2025 through 2033, the McCarthy bill would further cut spending relative to the baseline by imposing caps that would limit the growth in funding each year to 1 percent – an amount well below the level needed simply to keep pace with inflation. Over the 2024-2033 period, cuts to discretionary funding would total well over $3 trillion – or more than three times the total amount of cuts included in the Budget Control Act of 2011 and enforced through sequestration. As a result, NDD – and the critical programs and services it funds - *never* recovers under the McCarthy bill. When combined with the cut in 2024, an annual growth rate of just 1 percent would leave the level of total funding in 2033 – *10 years later* – around 25 percent lower than CBO's baseline level ($2.111 trillion in the CBO baseline in 2033 compared to $1.608 trillion in the McCarthy bill in 2033) and roughly equal to the *nominal* level Congress enacted last December ($1.608 trillion in the McCarthy bill in 2033 compared to $1.615 trillion in the 2023 omnibus). NDD would almost certainly absorb an even greater share of the cut, with the likelihood that the level of funding for just NDD in 2033 is *well below* the nominal level of funding provided in the 2023 omnibus.

Worse yet, the ginormous and completely unrealistic cuts of over $3 trillion would buy less than a year of time from Speaker McCarthy, before he would yet again threaten a default on our government's debt unless Democrats agree to even more extreme cuts. Put simply, the McCarthy bill is dangerous, deeply unserious, and would be a disaster for families and our country.

How the McCarthy Cuts Would Hurt Our Families and Communities

Below are examples of how McCarthy's reckless plan to roll back discretionary funding to FY2022 levels would make our nation less safe, healthy, competitive, and fair. These examples assume a cut to NDD funding in FY 2024 of 22% compared to FY 2023 enacted. The impacts are for one year only. As mentioned above, in every single case, the devastating impacts shown for FY 2024 would worsen over time as funding falls further and further behind because of inflation.

Slash Health Care for Americans

Worsen the opioid epidemic by cutting HHS programs to tackle the crisis by $1.08 billion. These cuts would hit programs to help individuals receive addiction treatment and life-saving opioid reversal drugs like naloxone. The Department of Health and Human Services estimates a 22% cut to the State Opioid Response program alone would cause 29,000 people to be denied treatment and recovery services for opioid use disorder.

Underfund critical mental health programs by cutting $606 million from the Substance Abuse and Mental Health Services Administration mental health programs. These would include deep cuts to the Mental Health Block Grant, youth mental health services, and other suicide prevention programs at a time when rates of mental illness and serious depression are increasing, particularly among children and youth. This includes cutting the Suicide Prevention Lifeline Service by $110 million, leaving those in crisis waiting longer to speak to a mental health professional. Call, text, and chat volume to the Lifeline has increased dramatically – by 88% – since the shift to a 3-digit phone number in July 2022. Cuts to the Lifeline would leave those in crisis facing longer wait times and even risk calls going unanswered.

Threaten life-saving medical research by slashing funding for the National Institutes of Health by $10.2 billion. These cuts would slow progress in efforts to find effective treatments for diseases like cancer, Alzheimer's disease, mental illness, ALS, Muscular Dystrophy, and opioid addiction. It would weaken America's competitiveness in biomedical innovation, particularly against China, and increase our reliance on foreign countries for clinical trials and drug development.

Cut off access to primary health care services for millions of Americans, including some of the most vulnerable, by slashing Community Health Centers by over $400 million. Health centers are where 30 million people find diagnosis and treatment, often the only health care option they have. One in 11 people in the U.S. relies on a HRSA-funded health center for medical care.

Leave American Families and Seniors Behind

Worsen outcomes for children and families by cutting nearly $1.8 billion from the Child Care and Development Block Grant and $2.6 billion from Head Start. Cuts of this magnitude would make it much harder – and impossible in some areas – for parents to find highquality, affordable child care. HHS estimates that a 22 percent cut in **Head Start** would mean more than 200,000 children would lose access to the program.

Leave families unable to heat or cool their homes during periods of extreme weather by cutting $880 million in funding for the Low Income Home Energy Assistance Program (LIHEAP). Such cuts could be devastating for struggling families, particularly those already facing extreme weather conditions. A cut of this magnitude would mean that LIHEAP programs will be forced to reduce the average benefit by over $400 or cut off benefits to over a million households, according to HHS.

Close Social Security offices and significantly degrade services that millions of Social Security beneficiaries and millions of other Americans rely on by cutting $3.1 billion from SSA's administrative expenses. While House Republicans have argued they would not cut Social Security benefits, this would prevent SSA from being able to provide even basic levels of service to the public. It would significantly add to existing wait times and case processing times, and make every interaction with SSA, from filing for retirement or disability benefits to requesting a new Social Security card to changing a last name, significantly more difficult.

Take Food Away From Hungry Families

Deny access to infant formula, fresh fruits and vegetables, and other necessary foods. Cutting the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), which serves the nation's most vulnerable populations through vital nutrition assistance in order to maintain healthy diets during the first years of life, would result in the removal of approximately one million participants from the life-sustaining program.

Endanger Food Safety and Disrupt the Food Supply Chain. Because the Food Safety and Inspection Service (FSIS) is required to be present when a meat processing plant is operating, drastic cuts of 22% would directly result in fewer meat inspectors, which would slow down inspections and severely disrupt the supply chain.

These reductions would also significantly reverse FDA's progress toward increasing annual inspections. A reduction of this magnitude could result in a loss of 32% of our domestic inspections and 22% of our foreign inspections in places like India and China – and also reduce hiring of both civil and criminal investigators to target oversight of products such as infant formula.

Rip Support Away From Our Veterans

Cut valuable medical research to improve the lives of our nation's veterans. Funding for programs outside of the four VA medical care accounts are counted within traditional NDD and would likely be impacted by the cuts assumed in the McCarthy bill. A cut of $200 million in VA Medical research would require staffing reductions of thousands of positions and limit efforts to address the impacts and prevalence of Traumatic Brain Injury, cancer, and other diseases among veterans after their service, and would limit furthering of suicide prevention efforts.

Threaten VA's ability to protect veterans from cyber attacks. Cutting $1.2 billion in funding for VA Information Technology would require a reduction in staff by at least 500 employees, likely delaying efforts to modernize systems and subsequently leaving the Department and veterans open to aggressive cyber security breaches.

Delay modernization of VA facilities. The McCarthy plan would cut $456 million in major and minor construction projects to modernize VA hospitals, clinics, and other buildings, or expand capacity at cemeteries.

Undermine America's Competitiveness

Undermine bipartisan efforts to advance our nation's competitiveness and innovation. By cutting $2.17 billion from the National Science Foundation and $1.7 billion from the Department of Energy's Office of Science, the plan would endanger the majority of federal investments in basic research in areas such as computer science, mathematics, and biology.

Endanger implementation of the bipartisan CHIPS and Science Act, including those related to research security to protect against technology transfer to China.

Reduce research and education grants at NSF by approximately 4,600, which would support 66,000 fewer scientists, technicians, teachers, and students compared to FY 2023. DOE, researchers at national laboratories and universities could be reduced by up to 5,000 scientists, students, and technical staff. These cuts would endanger research in areas like artificial intelligence, biotechnology, and quantum computing, harming both our national security and global competitiveness.

Reduce investments into cutting-edge research facilities like the next generation optical and radio telescopes, and risk ceding leadership in these fields to China, with potentially serious national security concerns.

Threaten the Safety of Americans

Jeopardize security and public safety capabilities. A cut of $8 billion to the Department of Justice would result in the loss of nearly 30,000 law enforcement positions nationwide, including:

- More than 9,900 agents and 3,300 attorneys;
- The Federal Bureau of Investigation would lose over 11,000 positions and over 4,000 Special Agents, 1,200 Intelligence Analysts and 5,800 professional staff nationwide – bringing the FBI back to FY 2015 funding levels and negating 9 years of investments provided by Congress for investigative personnel, tools, and technology;

- The Bureau of Prisons would lose more than 15,300 positions and approximately 8,000 correctional officers; and
- The U.S. Attorneys would lose over 2,900 staff positions and approximately 1,500 Assistant United States Attorneys.

Weaken border security and immigration enforcement by significantly reducing border patrol staffing and technological capacity. A cut of 22% would result in Customs and Border Protection needing to furlough all of its border patrol agents. The lost time from furloughing agents for a few months would be the equivalent of losing over 5,400 agents, nearly 30% of the existing workforce. CBP would also lose the capacity to hold over 7,000 noncitizens and have no funding for medical care, leading to significant strain on services in border states and communities.

Jeopardize the operation of more than $640 million in border security technology as Border Patrol would not have the resources to operate and sustain the equipment and capabilities. These cuts would severely hinder efforts to strengthen border security and combat transnational criminal organizations as Border Patrol would lose the ability to operate hundreds of surveillance towers and other equipment along the southwest border, including critical communication capabilities for agents.

Cripple our nation's trade, travel, and inspection capabilities, resulting in reduced ability to seize illegal narcotics, such as fentanyl, crossing into the United States. The House Republican plan would result in furloughs of all CBP officers and staff responsible for inspections of people and cargo at air, land, and sea ports of entry. Reducing CBP's inspection capabilities would allow over 350,000 pounds of narcotics and thousands of counterfeit products to enter our country, posing significant risks to American communities.

Increase wait times at America's airports and exacerbate supply chain issues. For international airport arrivals, wait times would increase from 30 minutes to over 2.5 hours and wait times at land ports would increase from 30 minutes to over 3.5 hours. Wait times would also increase at America's airports for domestic travel, including closing TSA security checkpoints at major airports across the country, resulting in lines exceeding a few hours. The Republican cuts would eliminate overtime, requiring CBP to deny landing rights at airports outside core business hours and reduce operating hours at land ports of entry, further exacerbating supply chain issues.

Reverse the aviation industry's recovery. A 22% cut to discretionary spending would result in a $2.6 billion reduction to FAA's Operations account that pays for air traffic controllers and aviation safety inspectors that are integral to the safety of the national air space and the traveling public, as well as the efficient delivery of time sensitive cargo. Cuts of this magnitude would inevitably lead to personnel and service cuts and potentially to furloughs and reductions in force. This will cause major flight cancellations and delays across the country – not just in FY24 but potentially for the next decade due to the training and expertise of this specialized workforce.

Threaten critical aviation safety systems. Through sustained levels of appropriations over the past five years, the FAA has made significant strides to develop and deploy NextGen technologies to improve the performance and productivity of the commercial aviation industry.

A 22% cut of $648 million would lead to delays and cancellations to NextGen contracts and eliminate or defer necessary upgrades to critical safety systems. This would leave the aviation network at risk of additional technical and operational failures and negatively impact commercial airlines operations and productivity.

Exacerbate the Affordable Housing Crisis

Worsen housing crisis for the most vulnerable. Over 85% of HUD's budget is used to preserve assistance for 5 million low-income households and over 1 million people experiencing homelessness. Over half of these households are elderly or disabled or both, and current funding levels are only sufficient to serve 1 in 4 eligible households. A 22% cut would result in a $13 billion reduction to HUD's rental and homeless assistance programs, putting over a million households at risk of eviction or homelessness. HUD estimates 640,000 families would lose access to housing vouchers and 119,000 fewer households experiencing homeless would be served. HUD would not be able to meet its obligation to pay private property owners for project-based rental assistance, which would not only put 286,000 families at risk but the nation at risk of losing those affordable units in perpetuity.

Exacerbate the affordable housing crisis. The United States has a shortage of more than 7.5 million rental housing units, which are affordable for extremely-low income renter households. Producing and preserving affordable housing is an essential component to closing the affordable housing gap, and the HOME Investment Partnership Program (HOME) is the only federal program that helps finance affordable housing development and rehabilitation projects in both urban and rural areas. A 22% cut to the HOME program will result in nearly 7,000 fewer units of affordable housing produced at the same time that the lack of affordable housing opportunities is driving 15% rent increases nationwide.

Place children at heightened risk of lead-based paint exposure. More than 29 million homes in the United States contain significant lead-based paint hazards. According to the CDC, children in at least 4 million of these households are exposed to high levels of lead. Lead exposure can affect nearly every system in the body and is associated with behavioral and learning problems. Children who are exposed to lead are seven times more likely to drop out of school and six times more likely to end up in the juvenile justice system. A cut of 22% would result in $91 million less for addressing lead and other health hazards in low-income homes, and over 7,000 fewer homes completing lead and hazard abatement programs.

Hurt Our Natural Resources

Disrupt national parks and stress surrounding communities. Cutting the National Park Service by $830 million would undermine Americans' ability to visit and enjoy our national parks and wildlife areas, as well as stress surrounding communities that rely on tourism as an economic generator. Park staffing would drop by up to 5,000 employees, reducing the Service's ability to protect wildlife and natural areas, stressing park infrastructure, and harming the visitor experience.

Weaken efforts to prepare for deadly wildfires. Cutting $337 million in funding for wildfire preparedness would gut the Forest Service and the Department of the Interior's ability to adequately prepare for wildfires with equipment and vehicles, helicopter and airtanker contracts, and firefighter staffing. The cuts would weaken hazardous fuels reduction projects, which reduce the severity and risk of wildfires.

Jeopardize bipartisan efforts to upgrade water systems and other priority infrastructure. Cutting EPA's state, tribal, and local grant and infrastructure accounts by $986 million would seriously undermine efforts to build water infrastructure, clean up brownfields, reduce pollution, and support implementation of environmental programs.

Slow the replacement of lead pipes and efforts to reduce flood threats. Slashing $626 million from EPA's annual funding to replace lead pipes, upgrade drinking water systems, address combined sewer outflows, and support other priority water infrastructure needs would be entirely at odds with the widespread bipartisan support for water infrastructure funding demonstrated by the Infrastructure Investment and Jobs Act, as well as the Water Resources Development Act.

Break Our Promises to Tribal Governments

Undermine our federal trust responsibilities to Tribes. Cutting $2.4 billion for the Bureau of Indian Affairs (BIA), Bureau of Indian Education (BIE), the Indian Health Service (IHS), and Native American housing programs would severely undermine the federal trust and treaty responsibilities to Tribes, including:

- $537 million less for the BIA, which serves 574 federally recognized Tribes;
- $127.5 million less for BIA's Tribal law enforcement and justice programs, which currently has an estimated $1.3 billion unmet need;
- $73.2 million less for BIA's Natural Resources programs, which support Treaty Rights and are a primary source of revenue for many Tribal Communities; and
- $181 million less for BIA's Tribal Priority Allocations which will greatly impact the ability of Tribal Communities to provide basic services:

Additionally, there would be a cut of $955 million to IHS, including $550 million less for hospitals and health clinics that support direct health care services for approximately 2.5 million Native Americans and Alaska Natives across Indian Country. The cut would result in more than 1,000doctors, nurses, and other staff taken off the job, as well as potentially delaying indefinitely three new facilities planned to open in FY24.

Undermine Our Ability to Compete Globally

Undermine the United States' ability to compete with China and advance other foreign policy objectives. The House Republican plan would cut $13.6 billion in funding for the State Department, USAID, and other agencies on the front lines of protecting and advancing U.S.

foreign policy objectives. At a time of growing international instability and competition, our diplomatic engagement, cooperation with our allies and partners, and efforts to counter the coercive policies of authoritarian states are more critical than ever for U.S. national security.

- The critical gains we have made to ensure the United States is at the forefront of confronting global challenges will be lost at the funding levels proposed in the McCarthy bill, which would be the lowest funding level for U.S. diplomatic and development efforts in more than 15 years.
- At this level, the State Department, USAID, and other agencies will have to cut U.S. embassy staffing and reverse current efforts to expand U.S. presence in key regions, cede ground to the Chinese Community Party in international organizations, forego investments in securing critical supply chains, cut funding for strategic trade and investment tools, and step back from our efforts to lead global responses to health and humanitarian crises.

Talking Points

- **House Republicans are threatening economic catastrophe by doubling down on their refusal to simply pay our nation's bills unless Democrats agree to gut our investments in families, small businesses, law enforcement, and so much else.**

- **MAGA Republicans' plan would be a massive gut punch for families and will make our communities less safe, our economy weaker, and our nation less competitive and secure.**

- **MAGA Republicans' radical plan would slash funding <u>*by 22%*</u> relative to the bipartisan funding levels agreed to just months ago**—decimating funding that supports local programs families and communities count on *every single day, in every single state*. These cuts would be particularly tough for rural communities, many of which already struggle disproportionally.

- **The extreme cuts Republicans are fighting for will:**
    - **deny parents the child care they need to go to work,**
    - **kick families out of their homes and take food off their tables,**
    - **pull cops off our streets,**
    - **take a wrecking ball to our fight against the opioid crisis,**
    - **lay off air traffic controllers,**
    - **kill good-paying new jobs,**
    - **rip away support for small businesses,**
    - **cede ground to China,**
    - **and so much more.**

- **By placing severe caps on funding through 2033, MAGA Republicans want to tie our hands for the next decade**—preventing us from investing in our economy, keeping our country safe and secure, and staying ahead of our competitors. The caps they're pushing for would actually result in <u>*further*</u> cuts year over year—by preventing our investments from so much as keeping pace with inflation.

- **What House Republicans are pitching is a one giant gift to China and those rooting for us to fall behind.** We've seen this movie before—sequestration was a disaster that kneecapped the American economy in a big way, and we cannot afford a repeat. None of our adversaries would ever think about limiting their investments in the future—*why do Republicans want to put us behind?*

- **House Republicans want to shutter our investments in innovation and our workforce, and help send the jobs of the future—spurred by American ingenuity and research—to competitors like China. Democrats want to keep those jobs here in America.**

- **MAGA cuts make it impossible for the federal government and local governments to fulfill their basic responsibilities—like making sure our border is safe, planes are safely flying overhead, firefighters have the equipment they need, and so many more basics.**

- **This Republican hostage-taking reflects the priorities of the most extreme MAGA Republicans in America—and it is dead on arrival.**

- **House Republicans must uphold their oath, do their jobs, and avoid a catastrophic default—just like they did three times under the last administration.**

- **Here in the Senate, we're hard at work on bipartisan spending bills to move our country forward—not back. That's what we should all be focused on right now.**

Default on America Act: Gutting Clean Energy, Raising Consumer Prices, and Surrendering Jobs and Energy Security to China

Prepared by the Senate Committee on Finance.

- By repealing the climate tax provisions in the *Inflation Reduction Act*, House Republicans are proposing a total surrender to the climate crisis and increasing costs for everyday Americans.

- This would be an enormous loss for American workers and manufacturers who have an opportunity to thrive as a result of the clean energy transformation the IRA is already driving across the country.

    - This bill repeals incentives for domestic manufacturers that would rebuild domestic supply chains and position America as a leader in the clean energy transition. In fact, this bill would keep us dependent on Chinese goods and critical minerals. **Firms in China and elsewhere will grow at our expense if Speaker McCarthy gets his way**.

    - The bill also removes the guarantee that new clean energy jobs are good jobs for Americans by striking prevailing wage requirements.

- This bill pulls the rug out from consumers and businesses that have already begun to take advantage of the IRA's investments. These are *retroactive* tax hikes on people and businesses who relied on Congress' word--from a homeowner who bought a new HVAC system to a small business that bought an electric delivery van.

- Incredibly, the bill removes income and price restrictions on electric vehicles, while also repealing requirements that EVs be built in North America. **These changes cut out American automakers, granting tax breaks to millionaires for buying EVs made in China.**

- This bill would even attack long-held bipartisan priorities.

    - It would harm our agricultural industry by cutting off credits for biodiesel and other homegrown fuels that support our farmers and bring down fuel prices.

    - It would harm innovative climate technologies, including making our existing coal and natural gas plants and our industrial facilities cleaner through carbon capture.

    - It would harm the reliability of our energy grids by forcing nuclear plants to retire early, and by yanking credits for hydropower and battery storage.

<u>Default on America Act: Big Win for Tax Cheats at the Expense Of Middle-Class Families and American Manufacturers</u>

Prepared by the Senate Committee on Finance.

The Republican Plan Repeals Tax Enforcement Funding, Rewarding Wealthy Tax Cheats

- By rescinding unobligated funding for the IRS in the *Inflation Reduction Act*, **House Republicans are proposing a $186 billion giveaway to wealthy tax cheats** that will explode the deficit by $114 billion, according to CBO.

- The overall IRS budget fell by about 22 percent in real terms between 2010 and 2021, leaving it with about the same number of employees as in 1973 and with software from the 1960s.

- As a result, audit rates fell by 77 percent for millionaires, 44 percent for large corporations, and 80 percent for partnerships all while the tax gap grew to $600 billion each year, with the top 1% accounting for $160 billion or more than 25 percent of that gap.

- To reverse this trend and to raise about $180 billion from wealthy tax cheats, the *Inflation Reduction Act* provided the IRS with $79.4 billion over a ten-year period, including: $45.6 billion for enforcement, $25.3 billion for operations support, $4.75 billion for business system modernization, and amounts for TIGTA, the Tax Court, Treasury, and a study on direct e-file.

- Because every IRS employee requires operations support, rescinding this funding would also degrade the IRS's ability to use the $3.2 billion allocated for service and the $4.75 billion allocated for business system modernization.

- Secretary Yellen has directed that none of the funding can be used to increase audit rates for those earning less than $400,000 – this means **the House Republican plan effectively blesses tax evasion by wealthy individuals and complexly structured entities**.

<u>Default on America Act: Reversing the student loan cancellation.</u>

Prepared by the Senate Committee on Health, Education, Labor, and Pensions.

Detailed below is a summary of the impact of Title II of Division B of the House Republican plan to raise the debt limit and cut federal spending on student loans. The bill would reverse President Biden's signature plan to provide targeted debt relief to more than 40 million borrowers who would qualify for the program. Speaker McCarthy has functionally declared that he will plunge the country into a recession unless he can claw back school relief dollars and prevent millions of Americans from getting the student loan relief they need to recover from the pandemic. Also included below are a set of talking points.

Summary of Relevant Sections.

<u>Title II— Prohibit Unfair Student Loan Giveaways</u>

SEC. 211. NULLIFICATION OF CERTAIN EXECUTIVE ACTIONS AND RULES RELATING TO FEDERAL STUDENT LOANS.

- Prohibits the Secretary of Education from **<u>further extending</u>** (as of enactment) the suspension of student loan payments, a 0% interest rate, and stopped collections on defaulted loans, as directed under section 3513 of the CARES Act.
- Keeps in effect the current payment pause (set to expire 60 days after June 30, 2023 or 60 days after the Supreme Court rules on the Administration's debt relief plan).
- Nullifies President Biden's plan to provide up to $20,000 in relief to student loan borrowers as promulgated in the Federal Register.
- Nullifies any final rule that is "substantially similar" to the 5% income-driven repayment (IDR) proposed rule.
- Prohibits the Secretary of Education from implementing any executive action or rule on the aforementioned policies without Congressional authorization despite current statutory authority.

SEC. 212. LIMITATION ON AUTHORITY OF SECRETARY TO PROPOSE OR ISSUE REGLATIONS AND EXECUTIVE ACTIONS.

- Adds permanent requirements on future draft regulations determined by the Secretary to be "economically significant" (defined as having more than an annual effect of $100M or an adverse affect on the economy in a material way). This includes a determination of whether the draft regulation results in a subsidy cost increase resulting from a loan modification, and if so, requires the Secretary to take "no further action".
- Prohibits the Secretary from publishing a proposed rule, final regulation or executive action if such actions are determined to be "economically significant" and result in a subsidy cost from a loan modification.
- Requires the "economically significant" test to be applied in addition to other cost analysis required by law.

Explanation of "Subsidy Cost" and "Loan Modification"

Under the *Fair Credit Reporting Act*, (FCRA) which establishes the protocol for calculating the cost of the student loan program--lifetime costs of student loans are recorded upfront in the year in which the loan is made. OMB calculates a subsidy cost, or the cost or savings to the government on the loan, measured by discounting all of the expected future cash flows—which includes the amount disbursed, principal repaid, interest received, and any fees or losses—to net present value at the date the loan is disbursed. A "loan modification" refers to any time a policy changes, such as through a regulation or an executive action.

Prohibiting increasing the subsidy cost means no regulation could reduce borrowers' payments or make it more likely for a borrower not to repay. This is in contradiction to authority provided to the Secretary by the Higher Education Act (HEA) to establish repayment plans, which have historically helped to make monthly payments more affordable—such changes to repayment plans began under the Obama Administration.

Talking Points

- While Democrats are fighting to lower costs and increase opportunity for working people, Republicans are willing to levy economic harm on millions of borrowers across the country in order to protect the already wealthy and well connected.
- The Federal Reserve Bank of New York's analysis of President Biden's debt relief plan shows that borrowers who will benefit most are younger, have lower credit scores, and live in lower-income neighborhoods.
- House Republicans want to stop us from helping working families to afford their monthly costs. They want to stop the Administration's new income-driven repayment plan on student loans that the Department of Education estimates:
    - A student borrower with an **income below $35,000 per year** would not be required to make monthly payments on their loans.
    - **A teacher** with a bachelor's degree just starting in the classroom would save more than $17,000 in total payments while pursuing Public Service Loan Forgiveness (PSLF) over the first 10 years of their career—two-thirds less than what they would pay under the current REPAYE plan.
    - **85 percent of community college borrowers would be debt-free** within 10 years of entering repayment.
    - **Provides income protection** for a $15 hourly wage for a single borrower working full-time based on 2022 Federal poverty guidelines.
- College has become too expensive in this country and led to an absurd amount of student loan debt. Republicans want to punish borrowers who do not earn enough to afford their student loan payments and struggling to recover from the pandemic.

Default on America Act: One Pager of SNAP Impacts

Prepared by the Senate Committee on Agriculture, Nutrition, and Forestry**.**

What Is SNAP?

- SNAP provides a very modest, average benefit of about $6.10 a day to more than 40 million people to buy food. Almost 80% of those receiving help through SNAP are children, seniors, people with disabilities, and veterans.

Does SNAP Have Work Requirements?

- **YES!** Work requirements for SNAP have been in place since 1977 and were expanded to add time limits for able-bodied adults without dependents (ABAWDs) as part of welfare reforms in 1996.
- ABAWDs, aged 18-49, must work at least 80 hours a month or be in a job training or work program, like SNAP Employment and Training. **If not, they can only receive 3 months of SNAP during a 3-year period.**
- While the time limit was suspended during the pandemic, **it will go back into effect in July** at the end of the Public Health Emergency.

What Does The McCarthy Plan Do?

- The McCarthy plan would increase the age for people subject to the time limit from 49 years old to 56 years old.
- It would eliminate some specific flexibilities allowed to states to provide exemptions from the strict time limits to people who are at risk of losing their SNAP benefits.

Who Would Be Impacted By This?

- Low-income women, people experiencing homelessness, some veterans, and young people aging out of foster care are among the most vulnerable populations that would be impacted by this change. People living in areas of the country with limited job opportunities, such as Native Americans in tribal communities, are also at risk in efforts to expand work requirements.
- ABAWDs are more likely to experience homelessness, have less education and job training, and experience barriers that make them particularly vulnerable – and therefore in greater need of support in getting back on their feet.

What Is The Bottom Line?

- Some Republicans want to risk default so that they can take food out of the mouths of those who need it.
- This should be an affront to all Americans.
- Our economy and the full faith and credit of the United States is not some bargaining chip.

Default on America Act: Detailed Summary and State-by-State Data on SNAP Impacts

Prepared by the Senate Committee on Agriculture, Nutrition, and Forestry.

Topline Impact Analysis:

Effect of provision to eliminate carryover of discretionary exemptions: While it is possible that some ABAWDs would lose eligibility if States are no longer allowed to carry over unused discretionary exemptions for future use, FNS does not currently have data available that would permit estimation of how many SNAP participants may be affected. Use of discretionary exemptions varies widely among States and from year to year, as States may tailor their use of exemptions to respond to local economic conditions and the needs of vulnerable populations, like homeless individuals. For example, FNS is unable to forecast how many carried-over exemptions could be used to respond to a future, sudden economic downturn in any given State. In FY 2019 (the most recent year in which discretionary exemptions were widely used) approximately 5% of all available exemptions were used. The memo available here provides State-by-State counts of discretionary exemptions available for use in FY 2023, including the count that is carried over from previous years, and the number of exemptions used by each State in FY 2022.

Effect of raising ABAWD age limit from 50 to 56: If the ABAWD age limit was raised from 50 to 56, FNS estimates that approximately 2.4 percent of the SNAP caseload would be newly subject to the ABAWD work requirements (about 1 million people). These are adults who are ages 50 through 55, do not have children in their SNAP household, and do not have a disability recorded in their SNAP case records. Most of these older SNAP participants are at risk of losing SNAP benefits if they are subject to the ABAWD work requirements and time limit. Based on the most recent data available to FNS, 89 percent of these SNAP participants (nearly 900,000 people) are unemployed or employed for less than 20 hours per week, on average.

The table below provides the estimated total number of at-risk individuals ages 50 through 55 in each State, as well as estimated annual SNAP benefits that go to those individuals. FNS does not anticipate that every individual included in this table would lose eligibility for SNAP due being newly subject to the ABAWD work requirement. The table below only provides an estimate of how many *may* lose eligibility, depending on their individual circumstances. Additionally, the table below indicates which States currently have a statewide or partial waiver of the ABAWD time limit, which would affect how many individuals could lose eligibility at this time.

State-level estimates of proposal to raise ABAWD age limit in SNAP from 50 to 56 years (based on recent participation counts and benefit amounts)					
Table updated 4/20/2023					
State	**Estimated count of adults newly subject to ABAWD work requirements**[1]	**Share of State's SNAP caseload**	**Estimated count of adults newly subject to ABAWD work requirements who work <20 hrs per week (at risk)**[2]	**Share of State's SNAP caseload**	**Annual SNAP benefits to at risk individuals, in millions**[3]
Alabama	17,759	2.3%	15,752	2.1%	$48.4
Alaska*	4,118	4.5%	3,653	4.0%	$11.2
Arizona*	24,137	2.9%	21,410	2.6%	$65.8
Arkansas	6,518	2.5%	5,781	2.2%	$17.8
California*	141,214	3.1%	125,257	2.7%	$384.8
Colorado**	19,483	3.6%	17,282	3.2%	$53.1
Connecticut*	15,456	4.1%	13,710	3.7%	$42.1
Delaware	3,926	3.3%	3,482	2.9%	$10.7
District of Columbia*	9,077	6.2%	8,051	5.5%	$24.7
Florida	62,496	2.2%	55,434	1.9%	$170.3
Georgia	33,505	2.1%	29,719	1.8%	$91.3
Guam*	981	2.7%	870	2.4%	$2.7
Hawaii*	4,873	2.9%	4,322	2.6%	$13.3
Idaho	1,696	1.4%	1,504	1.2%	$4.6
Illinois*	54,308	2.7%	48,171	2.4%	$148.0
Indiana	10,802	1.7%	9,582	1.6%	$29.4
Iowa	9,041	3.2%	8,019	2.9%	$24.6
Kansas	4,256	2.2%	3,775	1.9%	$11.6

Kentucky**	14,775	2.7%	13,106	2.4%	$40.3
Louisiana*	13,423	1.6%	11,906	1.5%	$36.6
Maine	2,597	1.6%	2,303	1.4%	$7.1
Maryland	32,561	4.2%	28,882	3.7%	$88.7
Massachusetts	29,277	2.9%	25,969	2.5%	$79.8
Michigan*	38,582	2.9%	34,222	2.5%	$105.1
Minnesota	9,268	2.1%	8,221	1.9%	$25.3
Mississippi	11,399	2.8%	10,111	2.4%	$31.1
Missouri	15,391	2.3%	13,652	2.1%	$41.9
Montana**	2,579	2.9%	2,287	2.6%	$7.0
Nebraska	1,469	0.9%	1,303	0.8%	$4.0
Nevada*	7,272	1.6%	6,450	1.4%	$19.8
New Hampshire**	807	1.2%	716	1.0%	$2.2
New Jersey*	8,100	0.9%	7,184	0.8%	$22.1
New Mexico*	16,537	3.2%	14,668	2.8%	$45.1
New York*	53,189	1.9%	47,179	1.7%	$144.9
North Carolina	42,023	2.6%	37,274	2.3%	$114.5
North Dakota**	704	1.5%	624	1.3%	$1.9
Ohio**	43,250	2.9%	38,363	2.6%	$117.8
Oklahoma	18,575	2.9%	16,476	2.5%	$50.6
Oregon**	20,320	2.8%	18,024	2.5%	$55.4
Pennsylvania*	32,470	1.8%	28,801	1.6%	$88.5
Rhode Island*	3,311	2.4%	2,937	2.1%	$9.0

South Carolina	24,409	3.9%	21,650	3.5%	$66.5
South Dakota**	1,522	2.1%	1,350	1.9%	$4.1
Tennessee	23,261	2.8%	20,632	2.5%	$63.4
Texas	29,605	0.9%	26,260	0.8%	$80.7
Utah	2,715	1.7%	2,408	1.5%	$7.4
Vermont	1,167	1.7%	1,035	1.5%	$3.2
Virgin Islands*	37,972	4.8%	33,681	4.2%	$103.5
Virginia	650	2.9%	577	2.6%	$1.8
Washington**	23,938	2.7%	21,233	2.4%	$65.2
West Virginia	5,939	1.9%	5,268	1.7%	$16.2
Wisconsin	13,919	2.0%	12,346	1.7%	$37.9
Wyoming	452	1.5%	401	1.3%	$1.2
U.S. Total	**1,007,076**	**2.4%**	**893,277**	**2.1%**	**$2,744.15**

*State is covered by a statewide or territory-wide waiver of the ABAWD time limit (as of April 2023).

**State is currently partially covered by a waiver of the ABAWD time limit (as of April 2023).

[1] Based on FY 2022 SNAP participation in each State and the estimated share of SNAP participants in each State that are ages 50 through 55, do not have a disability, and do not have children in their SNAP household.

[2] Based on share of individuals that would be newly subject to the time limit who do not work at least 20 hours per week, on average ("at risk" individuals).

[3] Based on the average per person monthly SNAP benefit in FY 2023 ($256)

<u>Additional Impact Analysis and Summary:</u>

Proposal:

SEC. 311. AGE-RELATED EXEMPTION FROM WORK REQUIREMENT TO RECEIVE SNAP.

Section 6(o)(3)(A) of the Food and Nutrition Act of 2008 (7 U.S.C. 2015(6)(o)(3)(A)) is amended by striking ‘‘50’’ and inserting ‘‘56’’.

SEC. 312. RULE OF CONSTRUCTION FOR EXEMPTION ADJUSTMENT.

Section 6(o)(6) of the Food and Nutrition Act of 2008 (7 U.S.C. 2015(6)(o)(6)) is amended by adding at end the following:

‘‘(I) RULE OF CONSTRUCTION FOR EXEMPTION ADJUSTMENT.—During fiscal year 2025 and each subsequent fiscal year, nothing in this paragraph shall be interpreted to allow a State agency to accumulate unused exemptions to be provided beyond the subsequent fiscal year.’’.

Increasing Age Limit to 56

SNAP Analysis

- This proposal would increase the number of individuals subject to the ABAWD work requirements. Individuals between the ages of 16 – 59 are already subject to the general work requirements and this change would impose additional requirements in order to receive SNAP benefits for more than 3 months in a 3-year period.
- Older Americans face age discrimination that can make obtaining employment more difficult and the additional requirements for individuals 50 through 55 would increase their risk of losing food assistance.
- Persons in this age group are more likely to have undisclosed age-related issues or be caring for another dependent who is not a child (i.e. a spouse or parent). Limiting exemptions will further limit the ability of states to account for and exempt this population.
- This proposal would be burdensome for State agencies by increasing the number of individuals that they must screen for exemptions, track and verify work status, and send appropriate notices. It also increases the administrative burden that results from program churn as individuals reapply once they are again eligible.
- Implementing this change would have further start-up costs, as it necessitates making changes to State eligibility systems, notices, and materials.

Estimated Impact

- If the ABAWD age limit was raised from 50 to 56, FNS estimates that approximately 2.4 percent of the SNAP caseload would be newly subject to the ABAWD work requirements (about 1 million people). These are adults who are ages 50 through 55, do not have children in their SNAP household, and do not have a disability recorded in their SNAP case records.

- Most of these SNAP participants are at risk of losing SNAP benefits if they are subject to the ABAWD work requirements and time limit. Based on the most recent data available, 89 percent of these SNAP participants (nearly 900,000 people) are likely unemployed or employed for less than 20 hours per week, on average.
- If we assume that each of these at-risk individuals ages 50 through 55 receives the average per person SNAP benefit ($256 in FY 2023), up to $2.7 billion in annual SNAP benefits could be cut due to raising the age limit to 56.
- FNS does not have data available that would allow us to estimate what share of the nearly 900,000 at-risk individuals in the 50-55 age range would be able to find employment to meet the ABAWD work requirements, nor the share that may be exempted from the ABAWD work requirements for other reasons.

Limiting Discretionary Exemptions Carryover

SNAP Analysis

- Discretionary exemptions allow the State agency to extend SNAP eligibility to ABAWDs who would otherwise be ineligible because of the time limit. Each discretionary exemption allows the State agency to provide SNAP benefits to one ABAWD for one month.
- This proposal would limit State agencies' ability to address the unique needs of vulnerable populations. State agencies often use discretionary exemptions for vulnerable groups, such as children aging out of foster care, survivors of domestic abuse, veterans, individuals experiencing homelessness, or individuals living in Native American communities and tribal areas with varying economic conditions.
- Discretionary exemptions also provide State agencies with flexibility to address emergency, local economic hardships that may not precipitate an ABAWD waiver, such as a disaster or temporary work stoppage. Eliminating carryover exemptions decrease State agencies' ability to respond in these situations quickly, as well as during unexpected, economic hardships and recessions.
- State agencies also use discretionary exemptions to support ABAWDs' ability to get themselves on their feet and back to work during periods of unexpected hardship. This flexibility allows State agencies to respond to specific individual needs, even if the State has not requested an ABAWD waiver for the area.
- Limiting discretionary exemptions can adversely affect individuals living in rural areas, given the shortage of employment and training resources is particularly acute in rural areas.

Estimated Impact

- In FY 2019, (the most recent year in which discretionary exemptions were widely used) approximately 5% of all available exemptions were used.

- While it is possible that some ABAWDs would lose eligibility if States are no longer allowed to carryover unused discretionary exemptions for future use, FNS does not currently have data available that would permit estimation of how many SNAP participants may be affected. Use of discretionary exemptions varies widely among States and from year-to-year, as States may tailor their use of exemptions to respond to local economic conditions and the needs of vulnerable populations, like homeless individuals. For example, FNS is unable to forecast how many carried-over exemptions could be used to respond to a future, sudden economic downturn in any given State.

Proposal's Overall Impact on Employment and Training Programs

- Some States that target ABAWDs for mandatory E&T: in FY 2023 those States are Florida, Kansas, Ohio, South Dakota, Texas, and Utah. Raising the age for ABAWDs would potentially create a cost in these programs since they could be referring more people to mandatory E&T.
- Eliminating the exemptions could also possibly increase the number of ABAWDs subject to mandatory E&T, however that impact is expected to be minimal.
- The value of the direct Federal grant ("100 percent funds") is not tied to the number of E&T participants, so that would not increase. However, States would likely need to increase their State spending—both for eligibility processes and for E&T services and participant reimbursements—which would then add to Federal reimbursement costs.
- Would impact access to SNAP since more people would be subject to sanction under mandatory E&T.
- One other potentially small impact could be through the allocation formula for the E&T 100 percent funds, which is based on the number of work registrants (90 percent) and the number of ABAWDs (10 percent) in a State. This proposal could impact State funding levels by increasing the number of ABAWDs, although the exact impact is uncertain since the change in age would apply to all States. This would not affect Federal costs, though, just potentially how the money is allocated to States.

TANF Small Check Scheme Proposed Change:

- Our understanding is that the proposed changes to the TANF "small check scheme" would have essentially no impact on SNAP. SNAP households who receive a small check as part of this scheme now would lose out on this nominal payment, and we'd expect it to have little to no impact on their income or SNAP benefits.

Default on America Act: Overview of Extreme Work Requirements for Medicaid Health Coverage, TANF

Prepared by the Senate Committee on Finance.

- Speaker McCarthy made it clear that House Republicans are prepared to crash the economy as a part of their crusade to rip away health care and food assistance from American families.

- Medicaid work requirements are built on false assumptions and a dishonest premise. Studies show they do nothing to increase employment rates, they are solely a backdoor way to kick people off Medicaid.

- It is a complete myth that scores of Americans are enrolled in Medicaid while actively choosing not to work. More than 60 percent of American adults with Medicaid coverage are working. Most of the remaining 40 percent are caring for a relative or child, in school, retired, or living with a disability.

- Americans working in lower wage jobs often are not offered affordable health insurance by their employer. In many cases folks are working several part-time jobs.

- What House Republicans are asking of these Americans, who are already walking an economic tightrope, is to fill out a mountain of paperwork every month to maintain their health care.

- Medicaid work requirements have only been tried in one state, and CBO estimates that if a similar policy applied nationwide, about 2.2 million adults would lose coverage per year.

- When Arkansas briefly experimented with Medicaid work requirements before a federal judge halted it, the state had kicked roughly 18,000 people off the program with more likely to come.

- Studies found that many of the folks in Arkansas should have been given an exemption or were kicked off for failing to file the proper paperwork; others were working but could not meet the required number of hours due to the fluctuating nature of low-wage work. Further, studies found that program did nothing to increase the rate of employment.

- The results were clear. When you place a mountain of paperwork between working Americans and their health care, tens of thousands fall through the cracks. Millions more could be hurt by the McCarthy plan.

- The McCarthy version of this cruel policy is even more extreme and dangerous than the Arkansas version: it sets a higher age limit and makes people in the postpartum period jump through hoops to keep their coverage.

- Furthermore, the McCarthy proposal backs states into a corner by making them choose between slashing Medicaid health coverage or draining their state budgets – a cost shift of billions of dollars to states.
- Republicans have tried for years to gut Medicaid. Last time they tried Medicaid "reform" in 2017, Americans all across the country rallied and successfully saved the program. Governors from both parties opposed their plan. Hospitals opposed it. Doctors opposed it. So did patient advocacy groups, policy experts, insurers and millions of Americans across the country who worked tirelessly to make their voices heard.
- Those same groups are speaking out against work requirements:
    - Major patient organizations such as American Lung Association, American Cancer Society Cancer Action Network, the American Heart Association and the Leukemia and Lymphoma Society say "Any efforts to change Medicaid's current financing structure or add any barriers to coverage must be rejected."
    - 230 national and state health advocacy organizations say, "No matter how they are framed, the reality of these policy proposals is that they destabilize state budgets and local economies, take health care away from millions of children, older adults, working parents, people with disabilities, and people of color with cascading harmful effects on small businesses, rural communities, health care providers and others."
    - Leading Medicaid organizations such as the American Academy of Pediatrics, the Children's Hospital Association and the National Alliance on Mental Illness say, "Given the importance of this life-saving program to our nation's health care system, the economy, and the millions of families it serves, Medicaid should not be on the table during federal budget and debt ceiling negotiations."
    - Leading doctor groups such as the American Academy of Family Physicians, and the American College of Obstetricians and Gynecologists say that Medicaid work requirements "will limit access to preventive and primary care services and inhibit Medicaid beneficiaries from seeking care that helps them avoid costlier health conditions and maintain wellness."
    - 162 members of the Disability and Aging Collaborative write, "Work requirements are ineffective and unfairly punitive. Work requirements take away coverage from people who are eligible for Medicaid and often have no other insurance options, including people with disabilities, older adults, and their caregivers… We oppose any work requirements because they will result in hundreds of thousands of low income Americans, including people with disabilities and family caregivers, losing access to Medicaid services. Work requirements create barriers to Medicaid coverage and are justified by using false stereotypes about people who live in poverty lacking incentive to work."

    - Leading organizations representing Medicaid health plans also oppose work requirements citing concerns that "work requirements will exacerbate 'churn,' where people who meet the eligibility requirements for Medicaid are disenrolled owing to paperwork and administrative burdens."

- Republicans know their Medicaid proposals – including so-called work requirements – are so fatally flawed and universally despised that the only way they (wrongly) believe they could secure them is to hold America's credit and the public's finances hostage.

<u>Default on America Act: Extreme Work Requirements for Medicaid Health Coverage, TANF</u>

Prepared by the Senate Committee on Finance.

<u>Medicaid: Kick People Off Medicaid Coverage by Imposing "Work Requirements"</u>

Medicaid provides health care coverage for over 85 million Americans. Sixty percent of children with disabilities and thirty percent of adults with disabilities get their health coverage from Medicaid. McCarthy's proposal would put onerous requirements on people, so fewer can count on it.

In the McCarthy proposal, House Republicans threaten to take away Medicaid from millions of people who count on it for health care coverage. **McCarthy's proposal would require people to work 80 hours per month to be eligible for or retain their Medicaid health coverage.** The majority of adults (63%) who are enrolled in Medicaid are already working, and those who are not are taking care of children or family members (12%), attending school (7%), have a disability that prevents them from working (10%), or are retired or unable to find work (7%).

Despite erroneous claims by McCarthy, a recent study by the Congressional Budget Office (CBO) makes clear that work requirements do <u>not</u> increase employment among people who have Medicaid health coverage. In fact, according to CBO, "many of the targeted adults lost their health insurance as a result of the work requirements. Employment did not appear to increase." Instead, requirements increase red tape for people accessing coverage they are already eligible for. Further, many Medicaid enrollees work in jobs that do not offer health insurance and have fluctuating work hours. Nearly half of all working low-income adults would not be able to meet an 80-hour requirement at least one month of the year. As a result, the McCarthy plan would put Medicaid coverage at risk for tens of millions of Americans.

Arkansas tried this dangerous policy, and the results were disastrous. In 2018, the state imposed a work requirement and over 18,000 people (1 in 4 people subject to work requirements) lost their Medicaid coverage, most of which were due to mistakes with complex paperwork and bureaucratic red tape. Within less than a year of the policy taking effect in Arkansas, a federal court struck it down. During the Republicans' Affordable Care Act repeal and replace efforts, Congress considered and rejected similar proposals that would impose work and reporting requirements on Medicaid enrollees. Additionally, the Trump Administration approved multiple state requests to utilize Medicaid Section 1115 waivers to kick people off of Medicaid who did not meet work requirements - however, all of these proposals were either struck down by courts or were never implemented by states.

What's worse, the McCarthy proposal is even more extreme and dangerous than the failed attempt by Arkansas. Arkansas impacted adults up to age 50 - McCarthy's scheme would impose requirements on adults up to age 55. And unlike Arkansas, McCarthy's proposal doesn't exempt people who are receiving unemployment benefits and creates hoops for people in the postpartum period to keep their coverage. **Furthermore, the McCarthy proposal backs states**

into a corner by making them choose between slashing Medicaid health coverage or draining their state budgets – a cost shift of billions of dollars to states.

Losing health care coverage is devastating and dangerous, with many negative impacts. For example, people without health coverage face serious financial hardship, lose access to needed medications, and face barriers to seeing a doctor. The loss can make it even more challenging to secure employment. Additionally, Medicaid work requirements would disproportionately impact Black and Latino Americans who are enrolled in Medicaid and disproportionately work in jobs that do not provide health insurance coverage.

The House Republican proposal doubles down on threats to rip health care coverage from millions of Americans - putting people's lives at risk.

Changes to Temporary Assistance for Needy Families (TANF) To Kick Struggling Families Out Of The Program:

The Republican proposal increases work requirements on TANF recipients by changing how states calculate their TANF work participation rates. Under current law, states must engage 50% of all families and 90% of two-parent families receiving TANF in either work or other eligible activities. States can reduce their required work participation rate through "caseload reduction credits" they receive for reducing the number of families receiving cash assistance through their TANF programs. The Republican proposal would effectively increase states' work participation rate targets by changing the base year for caseload reduction credit calculations from Fiscal Year 2005 to Fiscal Year 2022 and eliminating other methods states can use to reduce their work participation rate target. These changes would incentivize states to further reduce their TANF caseloads, thereby serving fewer low-income people.

Decades of research has shown that TANF's work participation rate requirements are not effective in helping families find sustainable long-term employment. Instead, the design of TANF's work requirements incentivizes states to keep needy families who are unable to work off of TANF in order to meet arbitrary state performance metrics. The data clearly shows how disastrous TANF's work requirements have been: since the TANF program was created and work requirements were introduced in 1996, the percentage of families in poverty receiving cash assistance through TANF has dropped from 68 percent to 21 percent. Furthermore, evidence shows that these work requirements disproportionately impact Black workers, increase rates of deep poverty, and create unnecessary administrative hurdles for participants trying to get much-needed assistance meeting basic needs.

The Republican proposal doubles down on ineffective TANF work requirements, which will do nothing to help recipients find work and will reduce the number of low-income people and families who receive much-needed cash assistance through TANF.