

# Looking Ahead to 2017: Impacts of the Election on Federal Children's Policy

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## **Political Landscape & Implications**

While his presidential campaign was noticeably short on policy specifics, President-elect Donald Trump's rhetoric and decision-making during the transition, including his Cabinet appointments, signal that the next administration will likely be extremely hostile to a number of federal laws, regulations, and programs that support vulnerable children and families.

Meanwhile, Republicans have retained control of Congress, albeit with smaller majorities, and they are expected to work closely with the incoming President to enact an ambitious and unsettling agenda. Democrats in the Senate will probably pursue a primary strategy of obstruction. However, Republicans have already signaled their intention to use parliamentary rules and procedures to circumvent Democratic opposition and advance many of their most far-reaching and damaging proposals.

From health and mental health care, immigration to child welfare, children's advocates must expect to be constantly on the defensive over the next few years, with few opportunities to pursue proactive improvements to policy and regulation. Core entitlements and key discretionary programs will be targeted for cuts or complete elimination. It's important to note that obstruction alone won't be sufficient; children's advocates must also seek to forge alliances with Republicans and cultivate their support for the critical programs that serve children and families.

## **Potential Impacts on Policy, Programs, and Funding**

### *Health Care*

The incoming administration is aligned with Congressional Republicans in placing the repeal of the Affordable Care Act (ACA) at the top of the agenda. Republicans are currently coalescing around a strategy to use the budget reconciliation process (a streamlined parliamentary maneuver that prevents a Senate filibuster and enables passage with 51 instead of 60 votes) in January to initiate the repeal of ACA. It does seem likely that they will delay the repeal from actually going into effect for at least a couple of years, giving them more time to construct an alternative health care plan. That said, a number of the provisions of ACA that are absolutely critical to children are absolutely in jeopardy, including the expansion of Medicaid eligibility to individuals at up to 133% of the federal poverty line and allowing children to stay on their parents' insurance and youth exiting foster care to remain on Medicaid until age 26.

Furthermore, the fundamental status of Medicaid as an open-ended entitlement is itself in serious jeopardy. Leaders in the House of Representatives have stated their desire and intention to transform the program into a block grant to states and/or a capitated program. They are supported by years of research and planning by think tanks and fiscal conservatives regarding the means and mechanisms of doing so. Either approach would almost certainly result in billions of dollars in

cuts to federal spending. California has aggressively expanded Medicaid coverage under ACA, and has sought to maximize EPSDT to provide essential mental health services to children and youth. Cuts in total program funding would certainly shift increased fiscal burdens to state and local governments, creating an incentive for cost-containment measures such as reduced reimbursement rates and restricted access for services. Congressional leadership is currently reconsidering a Medicaid block grant for inclusion in a second budget reconciliation bill, which could be voted on in Congress as soon as next summer. Also under consideration are added barriers to eligibility, potentially including work requirements and/or drug testing.

Two other federal health programs are up for reauthorization by Congress next year. The State Children's Health Insurance Program (SCHIP) supports health insurance for low-income families with children, and the Maternal, Infant, and Early Childhood Home Visiting Program supports at-risk pregnant and parenting families to improve child and maternal health. While both have received bipartisan support over the years, their services and budgets could be absolutely revised during the reauthorization process.

### *Immigration*

President-elect Trump has declared his intention to rescind the executive order issued by President Obama known as Deferred Action for Childhood Arrivals (DACA). DACA currently protects from deportation undocumented immigrants who came to the United States before their 16<sup>th</sup> birthday, have not committed a serious crime, and are pursuing or have completed a high school education. Of the approximately 750,000 immigrants that have applied for protected status under DACA, about 1/3 reside in California. If Trump overturns the executive order, these young people would be at significantly increased risk of deportation, especially since they have already identified themselves to the government.

Trump has also threatened to cut off all federal funding to so-called "sanctuary cities" whose law enforcement departments by policy do not cooperate with federal immigration authorities. However, legal experts currently believe that he lacks the authority to cut off funding that is unrelated to law enforcement on that pretense, thus in reality the only funding potentially in jeopardy would be that distributed to local law enforcement through federal Department of Justice (DOJ) grants. Many large cities in California have declared themselves sanctuary cities, including Los Angeles, San Francisco, Oakland, Fresno, Long Beach, Berkeley, Richmond, and Santa Ana.

### *Child Welfare*

The failed attempt to pass the Family First Prevention Services Act (FFPSA) through Congress this year leaves a great deal of uncertainty about the future of child welfare reform. It is possible the full bill could be reintroduced next year. It is also possible that the proposed funding reductions included in the bill (limitations on federal support for congregate care and delayed implementation of the Adoption Assistance de-link) could be incorporated into a budget reconciliation bill or included in unrelated legislation as an offset.

It is important to remember that Republicans in Congress have shown a sustained determination to cut entitlements. Though to date, few have directly targeted Title IV-E Foster Care and Adoption, in a climate in which dismantling entitlements enjoys broad support, it could certainly become a target for conversion to a block grant. As with Medicaid, any transformation of the IV-E entitlement into a block grant would likely result in significantly reduced federal spending and a resultant cost-shift to state and local governments, increasing the likelihood of reduced access to

services and diminished quality of care. Such a move would also likely undermine the state's implementation of Continuum of Care Reform (CCR).

Leaders in the House have proposed eliminating the Social Services Block Grant (SSBG) in each of the past several years, which they could choose to pursue through budget reconciliation in the coming year. SSBG provides almost \$200 million each year to the state of California for a range of social service programs, including services for foster children.

The Temporary Assistance for Needy Families (TANF) program, a key funding source for child welfare services, was recently reauthorized for another year, but it could also see further cuts or changes in the coming year, for instance increased work requirements and/or mandatory drug testing for beneficiaries.

Finally, the Supplemental Security Income (SSI) program, which provides cash assistance to youth with disabilities, including foster youth, to address their basic needs, could be curtailed. Congress could eliminate direct cash payments altogether or place time limits on their receipt.

#### *Child Nutrition*

Also in the past several years, House leaders have proposed converting the Supplemental Nutrition Assistance Program (SNAP) into a block grant. Commonly known as the "food stamp" program, SNAP directly pays for food for low-income individuals and families. As an open-ended entitlement, the program currently provides support to all eligible beneficiaries. As with the other threatened entitlements, transforming SNAP into a block grant would likely result in significant cuts to total funding, limiting the program's ability to serve all current participants. In addition to changing SNAP's basic structure, Congress has considered adding barriers to access including work requirements and drug testing.

#### *Discretionary Programs*

A range of other discretionary programs from education to child care to child abuse prevention may also be targeted in the coming years. Since the passage of the Budget Control Act (BCA) there have been spending caps in place for defense and other domestic spending. President-elect Trump has suggested lifting the cap on defense spending. Given dynamics in Congress, doing so will almost certainly create further pressure to cut other domestic programs.

#### *Tax Policy*

Congress is expected to pursue a comprehensive tax package early next year. Some Republicans want to eliminate a range of credits and deductions to "simplify" the code. This may mean that any number of credits including the Child Tax Credit, Adoption Tax Credit, and Earned Income Tax Credit (EITC) may be targeted for elimination or restructuring, and need to be defended. However, depending on the process and Congress' ambitions for reform, there may be opportunities to proactively support children and families through the tax code, including by providing employers with tax credits for hiring transition age youth and expanding the EITC for former foster youth.