



July 7, 2009

## **An Update on the Tax and Budget System: Federal**

Arkansas Advocates for Children and Families is closely following Congress as it continues to develop legislation that could have a profound impact on Arkansas children and families. Healthcare reform and climate change dominate discussion in both the Senate and the House.

### **Health Reform**

In the Senate, the two committees with oversight on health reform (the Health, Education, Labor, and Pensions—HELP—and Finance committees) are at different phases in drafting legislation. The HELP Committee began its mark-up, while the Senate Finance Committee delayed consideration of a health reform bill.

The HELP Committee began mark-up of its bill, “Affordable Health Choices Act” last week, and will resume next week. The bill’s five major areas include: choice of coverage options, cost reduction, prevention, health system modernization, and long-term care. The Congressional Budget Office (CBO) estimated the bill’s cost at \$1 trillion.

The CBO scores estimated the Senate Finance Committee’s draft bill at \$1.6 trillion over 10 years, well above the Committee’s desired cost of \$1 trillion. As such, Finance is re-evaluating its draft and mark-up is now expected in early July. Based on what we know about the likely Senate Finance Committee bill, it will not provide the level of support needed to truly help children and families. Some young children currently eligible for Medicaid would no longer qualify given the new proposed income limit of 133 percent of poverty without income disregards. There is also serious talk of rolling CHIP and Medicaid into the Health Insurance Exchange benefits options. With the exchange, it will be critical to ensure every child—no matter what their coverage—receives comprehensive benefits. Care would need to mirror the EPSDT coverage available now for Medicaid children, including preventive, screening, medical, mental health, dental, and other services critical to a child’s healthy development.

In the House, the three committees (Ways and Means, Energy and Commerce, and Education and Labor) responsible for shaping health reform will release their mark in early July. The Ways and Means Committee will also soon release revenue provisions.

Sen. Blanche Lincoln and Rep. Mike Ross will play key leadership roles in shaping health reform through their committee memberships. Sen. Lincoln serves on the Senate Finance Sub-

Committee on Healthcare and Rep. Ross is a member of the House Energy and Commerce Subcommittee on Health

[Click here to view Five Questions Child Advocates Should Ask of Health Reform Proposals.](#)

## Climate Change

On Friday, June 26, the House passed the American Clean Energy and Security Act of 2009 (H.R. 2454). This bill uses a cap-and-trade system to limit carbon emissions from the burning of fossil fuels and other greenhouse-gas emissions. A cap-and-trade system works by placing an overall limit on carbon dioxide emissions and requiring companies that emit carbon to hold an “allowance” (or “permit”) for each ton of carbon they emit. A cap can reduce green-house gas emissions, but it would cause the price of fossil fuel products to rise. This will squeeze household budgets of low-and moderate-income households. Middle-income households will feel the squeeze too. As such, consumer protection has been a central concern for AACF.

The Senate Majority Leader Harry Reid has set a **Sept. 18** deadline for the six Senate committees working on pieces of the climate bill. So, we could see a climate bill on the Senate floor this fall.

The Senate Finance Committee will play the critical role in shaping consumer relief. As such, Sen. Lincoln will play a key role in shaping consumer protection for low- and moderate-income households.

We would like to thank Rep. Vic Snyder for voting for the American Clean Energy and Security Act of 2009.

[Click here to view Cap-and-Trade Basics for Low-Income Advocates.](#)

[Click here to view AACF's policy recommendations on Health Reform and Climate Change.](#)

## An Update on the Tax and Budget System: State

You may have heard about some of the new laws that went into effect July 1.

No texting while driving. A cut in grocery taxes. Everyone has to wear a seat belt or get pulled over.

But you might be less familiar with the tremendous changes that will go into effect in our unemployment insurance system. With more job cuts being announced each week, these changes come just in time to help low- and moderate-income families weather the recession.

Some of the changes will make it easier for laid-off part-time workers. Others will ensure that benefit checks reach unemployed workers faster.

The changes were prompted by the federal stimulus package, the American Recovery and Reinvestment Act. The package also includes about \$271 million for unemployment benefits for Arkansans looking for work.

The influx of money will also help the economies of local communities by helping laid-off workers continue to pay for food, housing and utilities. That prevents the recession from deepening even further.

[Click here to read the full brief](#) and let us know if any of the changes will affect your family.

*If you would like more information on the topics discussed above, please contact **Candice Smith**, our federal tax and budget policy director, at [csmith@aradvocates.org](mailto:csmith@aradvocates.org) or **Pat Bodenhamer**, our state tax and budget outreach director, at [pbodenhamer@aradvocates.org](mailto:pbodenhamer@aradvocates.org). If you would like to subscribe to **Moving Families Forward**, which provides updates and alerts on state and federal tax and budget issues, please email [csmith@aradvocates.org](mailto:csmith@aradvocates.org).*