**Policy/Advocacy Update – May 2015**

**Federal Legislation Update:**

* **Budget Resolutions:** Congress is moving full-steam ahead on the opening round of budget debates as they unveil and vote on both House and Senate budget resolutions.
* **House T-HUD Bill:** **The House Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies (THUD) voted to approve its FY16 funding bill on 5/13/15**. The bill drastically underfunds critical housing programs and transfers all funds set to go into the National Housing Trust Fund into the HOME program. Among other harmful provisions, the draft bill would:
  + Direct ALL National Housing Trust Fund (NHTF) money into the HOME Program, and forbid Congress from putting any other money into the NHTF.
  + Cut HOME to $767 million from $900 million in FY15. HOME must be fully funded, in addition to, not at the expense of, critically needed funding for the NHTF.
  + Underfund tenant-based rental assistance (TBRA), by $665 million. In order to simply renew all vouchers in use in 2015, TBRA would need an increase of $850 million.
  + Not provide funding to restore vouchers cut under sequestration in 2013, or provide funding for any new VASH vouchers.
  + Underfund project-based rental assistance (PBRA). In order to renew existing contracts for 12 months, PBRA would need an increase of $1.2 billion. The bill provides only a $924 million increase.
  + Underfund Homeless Assistance Grants. The bill proposes funding at $2.185B, well under the President’s request of $2.48B, but above the FY 15 budget of $2.135B. This would likely not be enough to renew existing grants.
* **President’s Budget: The President’s budget has been announced. Overall, the request seeks $49.3 billion for HUD, the largest amount this Administration has ever requested for the agency and $4 billion above HUD’s enacted FY15 level.** HUD’s requested funding increases described below will only be possible if Congress agrees to lift the Budget Control Act (BCA) spending caps.
  + **Housing Choice Vouchers:** Funds to renew existing vouchers and to restore 67,000 vouchers lost because of the BCA’s sequester cuts in 2013. HUD would target 30,000 of these vouchers to special populations. The voucher request from HUD would also mark the end of the Veterans Affairs Supportive Housing voucher program, whose programmatic goals would be carried out through the restored 67,000 vouchers.
  + **Project-Based Rental Assistance:** HUD’s request seeks $10.76 billion in FY16, almost $1 billion more than FY15. HUD says this amount is “complete year” funding, sufficient for 12 months of PBRA contract renewals and amendments.
  + **Homeless Assistance Grants:** HUD requests $2.480 billion for homeless assistance grants, through the Emergency Solutions Grant and Continuum of Care programs, well above FY15’s $2.135 billion level. The request also seeks to continue annual appropriations language allowing nonprofits to administer rental assistance.
  + **HOME Fund:** Proposed increase from FY15’s $900 million level, to $1.06 billion in FY16.
  + **CDBG:** The request seeks less funding for CDBG in FY16 ($2.8 billion) than was provided in FY15 ($3 billion).
  + **HUD Section 811:** HUD seeks a $42 million increase to $177 million for FY16. According to HUD, such a funding level would provide $150 million for the renewal and amendments of existing Section 811 operating subsidy contracts, and provide $25 million for new Project Rental Assistance awards.
  + **HOPWA:** HOPWA would receive a $2M increase, to $332 M for FY16.
* **Bills to watch:**
  + **H.R. 574: To prohibit contributions by Fannie Mae and Freddie Mac to the Housing Trust Fund and the Capital Market Fund while such enterprises are in conservatorship or receivership, and for other purposes. Sponsor: Rep. Edward “Ed” Royce [R-CA39] \*Sent to House Finance Committee on 1/27/15 – Maine Congressman Bruce Poliquin is a member of this committee**
  + **H.R. 576 & S. 256: To amend the definition of “homeless person” under the McKinney-Vento Homeless Assistance Act to include certain homeless children and youth, and for other purposes. Sponsors: Rep. Steve Stivers [R-OH15] for H.R. 574 and Sen. Dianne Feinstein [D-CA} for S. 256. Both bills were sent to their respective committees on 1/27/15.**
  + **H.R. 1047: To authorize private nonprofit organizations to administer permanent housing rental assistance provided through the Continuum of Care Program under the McKinney-Vento Homeless Assistance Act, and for other purposes. Sponsor: Rep. Scott Peters [D-CA52]. Introduced on 2/24/15 and referred to the Financial Services Committee.**

**State Legislation Update:**

* **Bills to watch:** 
  + LD 368, An Act To Integrate the State's General Assistance and Temporary Assistance for Needy Families Programs, sponsored by Sen. Eric Brakey (R-Auburn). This bill would make any person who has exhausted the 60-month lifetime limit on TANF program benefits ineligible to receive General Assistance. **Work session held on** **Wednesday, 4/29, HHS Committee.**
  + LD 369, An Act To Align Municipal General Assistance Programs with the Immigration Status Policies of the Department of Health and Human Services, also sponsored by Sen. Eric Brakey (R-Auburn). This bill would make ineligible for General Assistance any person who has been determined ineligible to receive benefits administered by DHHS on the “basis of a law, rule or regulation related to that person's immigration status.” **Work session held on** **Wednesday, 4/29, HHS Committee.**
  + LD 443, AN Act to Help Stabilize Homeless Shelters in Maine, sponsored by Sen. Justin Alfond (D-Portland). This bill would provide $3.5M from the General Fund for homeless shelters. Currently 42 homeless shelters share less approximately $300,000 annually.
  + LD 722 "An Act To Strengthen Penalties for Abuse of General Assistance" Presented by Senator Brakey. **Work session held on** **Wednesday, 4/29, HHS Committee. Initial committee vote was 10-2 ought to pass as amended. The amendments included reducing the amount to $2M and including a human trafficking shelter.**
  + LD 1035, An Act To Create a 9-month Time Limit on General Assistance Benefits, sponsored by Sen. Eric Brakey (R-Auburn), would limit general assistance to a maximum of 275 days every 5 years for a person who does not have any dependents and who is capable of working. **Work session held on** **Wednesday, 4/29, HHS Committee. The Senate voted on 5/21 ought to pass with a bipartisan 24-11 vote. The House will consider this next.**
  + LD 1037, An Act To Establish a 180-day Residency Requirement for Welfare Benefits, sponsored by Sen. Eric Brakey, would require that an applicant for MaineCare, the statewide food supplement program, TANF, and General Assistance be physically present for 180 days or longer in the State before applying. **Work session held on** **Wednesday, 4/29, HHS Committee.**
  + LD 1062, An Act To Support Housing for Homeless Veterans, sponsored by Rep. Jared Golden (D-Lewiston), would establish the Homeless Veterans Housing Fund within the MaineHousing to provide housing for homeless veterans and, for FY 2015-16, would transfer $1M from the real estate transfer tax (the source of HOME fund monies) to support the construction by the Volunteers of America of housing for homeless veterans at Togus. Sec. 2 of the bill seems to say, at least in part, that real estate transfer tax money coming to MaineHousing will be used to “meet the authority’s obligations relating to [mortgage revenue] bonds issued or planned to be issued by the authority,” after which for FY 2015-16 and thereafter $1M in HOME funds will be transferred to the Homeless Veterans Housing Fund, with any remaining funds going to the General Fund. **, Labor, Commerce, Research, and Economic Development (LCRED) Committee Voted Ought to Pass on Thursday, 4/29.**
  + LD 1188, An Act To Implement a Rental Assistance Program for Low-income Households and Individuals, sponsored by Rep. Frey of Bangor. This would allocate $3M from the HOME fund for rental subsidies for people with incomes at or below 30% AMI. – **Public Hearing held on Tuesday, 4/21, LCRED Committee. The sponsor withdrew this bill on 5/19 due to its inability to pass.**
  + LD 1375, An Act to Increase Accountability in Maine’s Welfare Programs, sponsored by Senate President Michael Thibodeau (R-Waldo) (Governor’s Bill). **Public Hearing held Tuesday, 5/12, HHS Committee.**

The bill includes:

* + - Creating a requirement that TANF applicants prove they have applied for three jobs before receiving benefits.
    - Prohibiting the use of an Electronic Benefits Transfer Card, which is a debit card-like system the state uses to administer some benefits, outside Maine.
    - Outlawing the use of TANF benefits for the purchase of tobacco, liquor, imitation liquor, gambling, lottery tickets, tattoos and bail.
    - Removing all exceptions, other than for domestic violence victims, to the requirement that all TANF recipients participate in the TANF-ASPIRE work training program.
    - Reducing the 24-month limit on education, training and treatment for ASPIRE-TANF participants to 12 months to conform with federal rules.
    - Making changes to the Alternative Aid program to align it with the TANF program, preventing TANF recipients from using Alternative Aid as a loophole to avoid Maine’s 60-month lifetime cap on TANF benefits. Unlike most of the other provisions in the bill, this is a new initiative that has not been attempted by LePage in the past.
    - Imposing a six-month termination of benefits after the third violation of these rules.
  + Other proposed welfare reform bills, **all of which had public hearings on Tuesday, 5/12**:
    - LD 101, An Act To Strengthen and Reform Maine's Welfare System, sponsored by Sen. Alfond of Cumberland.
    - LD 133, Resolve, To Establish the Task Force on Independence from Public Assistance, sponsored by Rep. Pouliot of Augusta.
    - LD 452, An Act To Require a Work Search for Job-ready Applicants for Benefits under the Temporary Assistance for Needy Families Program, sponsored by Sen. Katz of Kennebec.
    - LD 816, An Act To Reform Welfare and Eliminate the Welfare Cliff, sponsored by Sen. Brakey of Androscoggin.
    - LD 885, An Act To Promote Enhanced Eligibility Verification in Maine's Welfare System, sponsored by Rep. Espling of New Gloucester.
    - LD 1097, An Act To Improve the Integrity of Maine's Welfare Programs, sponsored by Sen. Libby of Androscoggin.
    - LD 1144, An Act To Ensure the Integrity of the Temporary Assistance for Needy Families Program, sponsored by Rep. McCabe of Skowhegan.
    - LD 1268, An Act To Reform Welfare by Establishing Bridges to Sustainable Employment, sponsored by Rep. Gattine of Westbrook.

**The Governor‘s Biennial Budget Proposal – Work Sessions are still in progress.**

**Key Highlights:**

* $46 million included in the budget to end waitlists for the disabled and elderly over the biennium.
* Consent Decree: $11.6m in funding in the budget, including $1.2m in increased funding for BRAP. Also proposed to separate BRAP from the Consent Decree line item.
* Eliminating TANF and GA for “non-citizens.”
* Change in the GA reimbursement formula.
  + There would be a cap on reimbursement. A determination would be made of each municipality’s average distribution of GA benefits over the last six years. Under this proposal, the state would be obliged to reimburse no more than 50% of that amount. The reimbursement would be issued for 90% of all municipal claims up to 40% of the six-year average. At that point, the reimbursement rate would drop to just 10% of claims until the state’s 50% obligation was met, at which point reimbursement would stop.
* Tax Reform
  + Elimination of revenue sharing: Under the Governor’s proposal, for the next fiscal year (July 1, 2015 – June 30, 2016), the revenue sharing distribution would approximate the current year’s distribution at $62.5 million. After the final monthly distribution of that allocation in July 2016, the program would be entirely eliminated.
  + Taxing Tax exempt property: As proposed, if the aggregate value of tax exempt property under the same ownership within the municipality exceeds $500,000, the property would be entitled to a 50% exemption (rather than 100%) with respect to the aggregate value exceeding $500,000. – **On 5/13 the Appropriations Committee voted unanimously and without discussion to reject this.**
* The Governor’s Biennial Budget eliminates funding for Methadone under MaineCare.
* The Governor’s Biennial Budget includes cuts to clinic-based traditional services, which would produce a 10% rate cute to service providers. Also included is a rate cut for med clinics and psychiatric clinic services, producing a 50-60% rate cut for service providers.
* The Governor’s Budget proposes cutting nearly half of the HOME (Housing Opportunities for Maine) Fund and putting it instead into the General Fund. The HOME Fund is supposed to be comprised of 45% of the Real Estate Transfer Tax (RETT) and provides funding for a variety of housing related programs, including affordable housing, supportive housing, assistance for first-time homebuyers, and low-income homeowner repair programs. Every dollar invested in this fund yields $10 from federal, private, and other sources.

**Democrats’ alternative to the Governor’s Tax Plan unveiled on 4/9/15:**

* Lower income tax rates for Mainers earning between $20,900 and $150,000 a year but not as much as LePage’s proposal. Those earning more than $150,000 would not see a tax cut under the Democratic plan.
* Double the Homestead Exemption property tax benefit from $10,000 to $20,000 for all homeowners; LePage proposed doubling it for those 65 and older but eliminating it for others.
* Maintain the general sales tax rate at 5.5 percent; LePage proposed going to 6.5 percent.
* Adopt LePage’s plan to apply the sales tax to hundreds more goods and services.
* Reject LePage’s proposal to eliminate revenue sharing and to collect property taxes from larger nonprofits.
* Reject LePage’s plan to reduce corporate income tax rates and close a “loophole” on offshore tax havens.
* Maintain the current estate tax; LePage proposed increasing the exemption and then eliminating the tax altogether.

**Republicans’ alternative to the Governor’s Tax Plan has been released and is closer to the Democrats’ alternative plan than the Governor’s. Major tax reform, as insisted by Governor LePage, is now unlikely.**