
Debt Ceiling Agreement Reflects Improvements Over House Bill, Harmful Provisions Remain

Statement of Sharon Parrott, CBPP President, on the Reported Deal to Raise the Debt Ceiling

While the debt ceiling agreement announced last night is a significant improvement over the radical House bill, it is not the deal the country deserves. There are a number of troubling elements, including the provision that will put at risk food assistance for very low-income older adults. This policy will increase hunger and poverty among that group, runs contrary to our nation's values, and should be rejected. The nation must pay its bills — but that shouldn't mean enacting legislation that leaves people who already struggle to afford the basics worse off.

We should never have been in this situation. We are here only because House Republicans twisted the rules of democracy — using the debt ceiling to hold hostage the jobs and well-being of millions of people to demands for damaging policies they couldn't pass even when they held full control of Congress and the White House.

The agreement puts hundreds of thousands of older adults aged 50-54 at risk of losing food assistance, including a large number of women. Doubling down on the existing, failed SNAP work-reporting requirement for adults aged 18-49 without children, this provision ignores the strong evidence that it takes food assistance away from large numbers of people without increasing employment or earnings.

A large share of low-income adults in this age range are in poor health; many of them will lose basic assistance they need to buy groceries because they aren't able to meet the work-reporting requirement; and the exemption system, notoriously laden with red tape, won't work. Decades of experience under the existing policy shows that many of those whose SNAP benefits are taken away should have been exempt. Those newly at risk of losing food assistance have very low incomes, typically well below the poverty line, and will be pushed even deeper into poverty when they lose SNAP.

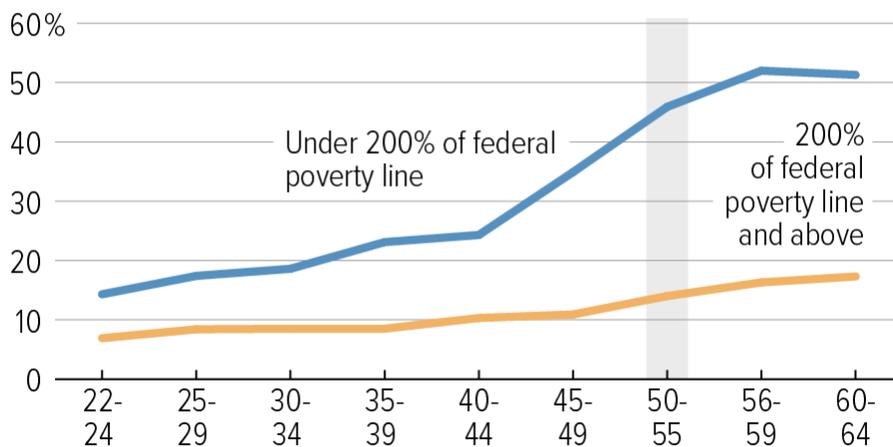
The agreement includes some improvements to the existing failed SNAP policy. While the new exemptions are positive, improvements for some don't justify expanding to others a failed policy that will increase and deepen poverty.

Under the agreement, veterans and people experiencing homelessness can be exempted from the requirements if states properly identify that they meet these criteria. But many veterans and people experiencing homelessness should have been exempt under the *current* criteria; the need for a special

category exposes the failures of the current exemption system. And most people aged 50-54 newly subject to the requirements are not veterans or people experiencing homelessness.

Close to Half of Older People With Low Incomes Face Significant Health Barriers to Work

Share of adults reporting fair or poor health or a work-limiting disability, by age



Source: CBPP analysis of March 2022 Current Population Survey

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Taking about \$8 per person per day on average of food assistance away from older adults was never about reducing deficits — the savings are tiny in the context of the federal budget and the U.S. can easily afford to ensure that people can afford food.

While details are still emerging, the agreement also includes some problematic provisions that double down on TANF's failed work requirement structure. It effectively ratchets up requirements on states to show that very low-income parents receiving TANF income assistance are meeting rigid work requirements that are often ill-suited to the needs of families. Some states will face challenges meeting the requirements and may respond by restricting access to assistance. The changes could limit states' flexibility to design effective programs and may lead some states to be more reticent to respond to rising need or improve their programs in ways that help families but make meeting inflexible federal requirements more difficult.

The existing, rigid structure has led many states to take away or severely restrict access to basic income assistance for large numbers of very low-income families with children without improving long-term employment outcomes. It is counterproductive to double down on these failed policies. State officials from red and blue states alike agree they are a hindrance to meeting the needs of very low-income families.

In a major improvement over the House-passed bill, President Biden rejected policies that would take away health coverage from people unable to meet a work-reporting requirement. But a person's health doesn't depend only on health coverage — adequate food and income are critical drivers of health.

Failed work-reporting requirements never should have been a part of the debt ceiling discussion. These policies are steeped in racism and unfounded stereotypes about people with low incomes. They ignore the reality that most people who can work do work and that many people receiving assistance are working, are between jobs, or have reasons — like health or caregiving — they aren't able to work, at least temporarily.

Even as House Republicans insisted on harmful work requirements for low-income people, they prioritized making it easier for wealthy people to cheat on their taxes. While full details remain unclear, it appears that the agreement calls for a substantial rescission in the IRS funding — \$10 billion in 2024 and up to that amount in 2025 — that was provided in the Inflation Reduction Act (IRA). While smaller than the cut in the House-passed bill, this could be as much as one-quarter of the funding provided under the IRA. The Republican focus on protecting wealthy tax cheaters is a disservice to honest taxpayers and the cut sets a terrible precedent, undermining efforts to make the IRS an effective agency that better serves these honest taxpayers and enforces the law.

The agreement represents tough compromises on funding for non-defense priorities and significant improvements over the policies put forward in the House Republican debt-ceiling-and-cuts bill. The result, however, will still be cuts overall in key national priorities when the very real impact of inflation is taken into account.

While protecting defense from cuts, the agreement cuts the part of the budget that funds key building blocks of our economy and investments that are critical for the well-being of people and communities, from child care, education, job training, and housing, to medical research, environmental protection, and public health. Neither Republicans nor the White House has identified program areas they believe should be cut. It will be critical for policymakers to ensure that as appropriations bills are written, they protect the areas most important to safeguarding the well-being of those who face real difficulties affording the basics.

Republicans' insistence on cutting IRS funding, refusal to consider any revenue increases, and opposition to provisions that would have reduced prescription drug costs undermine their claims of concern about deficits. Their bill included far deeper IRS cuts that would have gifted more than \$100 billion to tax cheats, and their broader tax agenda would extend — without paying for — the 2017 Trump tax cuts, which are heavily tilted toward the wealthy, at a cost of \$300 billion per year.

The contrast here is striking. House Republicans are pressing for policies that would protect wealthy tax cheaters and tax cuts for high income people — policies that, because of a long history of racism, disproportionately benefit white people. At the same time, they also have pushed for harmful policies that would take away assistance from people who need it and shortchange investments that expand opportunity — policies that disproportionately hurt people of color, whose access to opportunity has been systematically limited.

Looking forward, we must find a path to abolish the debt ceiling and end the absurd debt ceiling hostage-taking that Republicans engage in when they can use it as a bludgeon against a Democratic president.

Freed of this cycle of manufactured crisis, policymakers could turn to the debate we should be having, about the country we want to be and the policy agenda that will help us get there. Such an agenda would broaden opportunity and reduce the too-high levels of hardship that individuals and families endure. And it would ensure that *everyone* has the resources to afford the basics, including food, a roof overhead, and health care.

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