



CCWRO Welfare News

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Advocates/Recipients/Workers/Allies

Ways to Take Action on Proposed Federal Budget Cuts Detailed below:

CCWRO urges you to read the analysis below. It's very scary, but we hope that the "power of the people" can blunt the force of the "power and wealth grab" for the rich. If so moved after your reading, here are some ways you – individually or organizationally – can take action:

If you or your organization are going to be impacted by any of these cuts - share your story with us so we can share it with decision-makers;

If you know someone who will be impacted by these cuts - let them know to contact us to share their story;

- Let us know if you would like to call/write letters to your Congressperson;
- Let us know if you would like to meet with your Congressperson or others;
- Let us know what ideas you have for how we can work together to stop some of this harm to low-income people.

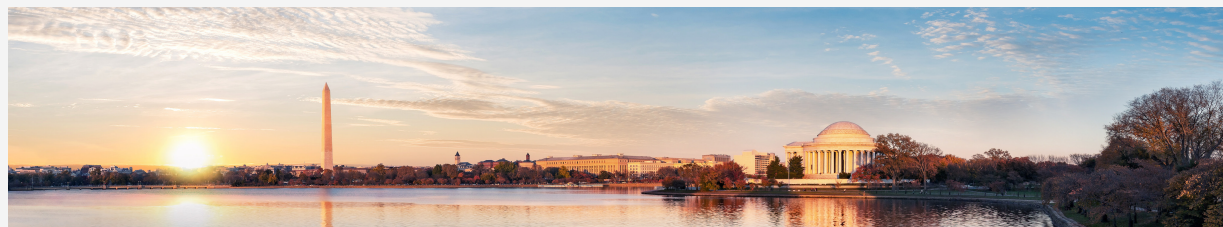
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Federal News In Brief

Committees Are Releasing Draft Plans for the Reconciliation Bills for Fiscal Year 2025, and the Medicaid Proposals and SNAP Proposals are Devastating and Staggering While Tax Breaks for the Rich Gets Extended and Expanded

Understanding the Reconciliation Process. Reconciliation is a process that Congress can use to quickly change laws that directly aligns to the federal budget, and comes with limited time for debate and a restrictive amendment process. In a reconciliation bill, the 60 vote threshold needed in the Senate to pass a bill does not need to be met, and instead, a simple majority is needed for passage. Currently in the House, there are 220 Republicans and 213 Democrats, with two vacancies that need to be filled. In the Senate, there are 53 Republicans, 45 Democrats and 2 Independents. Both Democrats and Republicans have used reconciliation in the past. Reconciliation is being used to pass the federal fiscal year 2025 budget.

In the reconciliation process, one of the first steps is to come up with a budget resolution or a budget document that outlines desired spending, revenue, debt and deficit levels for the federal government over a period of 10 years. A budget resolution is due on April 15, ahead of the October 1 date marking the start of the new fiscal year, as required by the 1974 Congressional Budget and Impoundment Control Act. This deadline is not always met. More information about the reconciliation process can be found [here](#).

What Has Happened Thus Far in the Reconciliation Process and the Different Tracks in the House and Senate.

In mid-February, the House adopted a budget resolution by a vote of 217-215, the first step in the reconciliation process. The resolution calls for \$1.7 spending cuts and \$4.5 trillion in tax cuts, and establishment of a \$2.8 trillion increase in primary deficits over 10 years from fiscal year (FY) 2025 to FY 2034.

The Senate Budget Committee adopted a resolution on February 21 that directed committees to find at least \$4 billion in spending cuts, and provide \$175 billion for border security and \$150 billion in military funding.

On April 5, the Senate passed an amended budget resolution for FY 2025 and the House passed the concurrent budget resolution on April 10. The law requires the two houses to have the same resolution to move forward with a reconciliation bill.

According to the Bipartisan Policy Center, the budget resolution requires the Senate:

- Identify \$4 billion in spending cuts;
- \$175 billion spending increase to the Committee on Homeland Security and Governmental Affairs and Judiciary;
- \$2 trillion in deficit increases (\$5.7 trillion in deficit increases over 10 years if the tax extension was treated as ending per statute, rather presumed as continuing.

The budget resolution requires the House to:

- Cut \$880 billion from the Energy and Commerce committee's spending plan. The House Energy and Commerce Committee has jurisdiction over Medicaid and most of the cuts in that committee would likely occur in Medicaid;
- Cut \$330 billion from the Education and Workforce spending plan;

- Cut \$230 billion from the Agriculture Committee spending plan;
- Increase \$90 billion to the Homeland Committee spending plan;
- Increase \$100 billion to the Armed Forces Committee; and
- Increase \$110 billion to the Judiciary Committee

In addition, it treats the Tax Cuts and Jobs Act of 2017 as continuing in perpetuity at no cost rather than the \$4 trillion plus cost associated with extending tax policies for the rich slated to end as of December 31, 2025.

The Bipartisan Policy Center said, “Although the instruction for the Senate Finance Committee is to increase deficits by no more than \$1.5 trillion, the Senate budget resolution uses a novel “current policy” baseline that assumes the tax cuts expiring this year are extended in perpetuity. When accounting for the \$4 trillion cost of extending those tax cuts, the actual budget impact of the tax cuts alone is closer to \$5.3 trillion.

According to Alice Burns, reporter for KFF Health News, “The budget resolution is unusual because it establishes different tracks for reconciliation in each chamber: House committees are instructed to increase deficits by \$2.3 trillion, with major cuts to Medicaid; and Senate committees are instructed to increase deficits by what amounts to \$5.8 trillion, without clear implications for Medicaid cuts. The plan is likely to spur major differences in how the two chambers proceed.”

More Specific Proposals are Emerging as Committees Present their Portion of the Bill and the Situation is a Blood Bathe for the Poor.

Once budget resolutions are passed, Committees can and have started releasing their portion of the bill with details of their budgets and are starting markup, a process by which they meet to consider amendments to bills and debate them before presenting them to the full House or Senate.

It is in these bills that details of specific cuts and increases to programs are known because the preceding resolution only provides parameters to adhere to. And it's through these details that the American people can finally try to understand the individualized benefits and costs to them as included in the proposals, to the extent they have time to pay attention or are made aware of proposals and impact of the Republican proposed cuts.

More importantly, it is the publication of these details in the bill that allows representatives of the people to weigh in on what is happening and to understand the impact on their constituents. Yet, the nearly 400 pages long bill is made public and voted on the very same day through the markup process, giving committee members and elected officials not on specific committees very little time to digest and weigh in. This is likely being done on purpose, so that the public and interested stakeholders have little time to provide feedback about the bills; to make it easier for the committees to more easily benefit the rich and harm the poor, all the while framing items like the tax breaks as support to the middle class. In short, when the plan is to break things, it can be painful and hard, and one impetus is to move fast to reduce the negative exposure and heat from the people.

Medicaid Cuts and Policy Changes Are Draconian and Will Harm California and Its Citizens.

The House Energy and Commerce released its portion of the budget bill on Mother's Day, it plans to do its markup on the 13 and could continue into the 14. The proposed spending plan includes, but are not limited to, the following:

- Reduction of the Federal Medical Assistance Program (FMAP) for Medicaid Expansion by 10% for states that use Medicaid infrastructure to provide health care coverage for illegal immigrants under Medicaid or another state-based program. This would impact California;
- Prospective sunseting of the temporary 5% enhanced FMAP afforded to states under the American Rescue Plan Act;

- Freezes provider tax (like California's Managed Care Organization tax) at its current rate at the date of the enactment of the new policy and prohibits states from establishing new provider taxes;
- Requires work and/or community service for at least 80 hours a month and creation of community engagement plans for able-bodied adults without dependents the month. This requirement would not apply to the following individuals:
 - *Those under age 19*
 - *Those over age 64*
 - *Foster youth and former foster youth under age 26*
 - *Members of tribes*
 - *Individuals who are blind or disabled*
 - *Individuals who have chronic substance use disorder*
 - *Individuals who have a serious complex medical condition*
 - *Individuals who are medically frail as defined by states*
 - *Individuals who already comply with work requirements in the Temporary Assistance for Needy Families (TANF) or Supplemental Nutrition Assistance Program (SNAP)*
 - *Individuals who are a parent or caregiver of a dependent child*
 - *Individuals with a disability*
 - *Individuals recently released from incarceration*
- Imposition of cost sharing to Affordable Care Act adults with incomes over 100% of the Federal Poverty Level (FPL) with cost sharing capped at \$35 per service. Cost sharing may not exceed five percent of the individual's income, but cost sharing would not be applied to primary care, prenatal care, pediatric care, or emergency room care;
- Eligibility determinations of 6 months rather than 12 months for populations in the Affordable Care Act;
- Prohibition of federal financial participation for individuals whose citizenship, nationality or immigration status has not been verified, compared to the 90-day provisional eligibility in federal law;

- Prohibition of federal financial participation for individuals whose citizenship, nationality or immigration status has not been verified, compared to the 90-day provisional eligibility in federal law;
- Limits retroactive coverage in Medicaid to 1 month prior to the individuals' application date rather than 3 months;
- Capping the asset disregard for long-term care services in Medicaid to \$1 million home equity value;
- Prohibits federal financial participation (FFP) to states for specified gender transition procedures to individuals under the age of 18;
- Requires states to verify of eligibility against the Social Security Administration's (SSA) Death Master File;
- Social Security number, and address verification with data sources requirement for Medicaid;
- Requirement that that the U.S. Department of Health and Human Services (HHS) delay implementation, administration, or enforcement of the final rule titled, "Medicare and Medicaid Programs; Minimum Staffing Standard for Long-Term Care Facilities and Medicaid Institutional Payment Transparency Reporting" until January 1, 2035;
- Prohibition of Medicaid funds to be paid to providers that are nonprofit organizations that perform abortions which received \$1 million or more from Medicaid payments in 2024; and
- Requirement that Medicaid demonstration projects under section 1115 are budget neutral and would not require more spending than what would otherwise have been spent under Title XiX.

Tax Giveaways to the Rich Continue in the House, While TANF Is Not Being Tampered With for Now.

The House Ways and Means deals with taxes and TANF. It released its portion of the budget bill on May 12 and markup is planned for May 13 at 2 p.m. Eastern.

Surprisingly, CCWRO review of the proposed bill from the House Ways and Means Committee did not reveal any provisions in the bill related to TANF.

According to the committee's press release, the bill, The Hill, and Americans for Tax Fairness, among other items, the bill proposes the following:

- Debt ceiling increase by \$4 trillion;
- Makes permanent the 2017 income tax rate of 10%, 12%, 22%, 24%, 32%, 35% and 37%;
- Extension and expansion of pass through for sole proprietors, partnerships, and S corporations from 20% to 23% before paying any income tax. Americans for Tax Fairness states that half of the pass through tax break goes to millionaires and nearly $\frac{2}{3}$ goes to households with over \$400,000 annual income.
- Extends a weakened Alternative Minimum Tax (originally designed to ensure that higher income taxpayers could not substantially or even completely eliminate their federal tax obligations) so that the number of taxpayers fell from 5 million filers in 2017 to just 200,000 filers in 2018 – at a cost of \$1.4 trillion. 93% of tax benefits from this provision go to the top 10% of highest income households and 85% of the benefits for this tax break go to the top 5% of households;
- Continuation of “opportunity zones” (OZ) on the so-called theory that they would promote economic growth in low-income neighborhoods, now being exploited by wealthy real estate investors. This tax break disproportionately advantages the richest 1% of households with the average income of investors being at \$4.9 million. The OZ tax breaks largely act as a windfall for already planned projects.
- Extends the Corporate Bonus Depreciation, which allows corporations to write off the entire cost of equipment in the year it is purchased. A dozen of the biggest corporate beneficiaries reaped nearly \$43 billion in tax savings from the Trump created loophole over the 5 years it was in effect. $\frac{2}{3}$ of the bonus depreciation tax break goes to corporations with over \$250 million in annual revenue. Moody's Analytics has estimated that only 27 cents of economic activity and generated for each dollar lost with this tax break;
- Retroactively reverses a prohibition against deducting all research expenses in the year incurred and instead requiring it to be amortized over 5 for domestic research or 15 years foreign research – at a cost of \$127 billion. Five corporations (Apple, Amazon, Google, Meta, and Tesla) would be given an immediately get \$75 billion in tax cuts by allowing them to deduct all research expenses in one year

instead of amortization:

- Extends the amount that the rich can inherit without paying any tax on transfer from at \$30 million in comparison to the \$14 million per couple if the tax were not extended at the end of the year;
- Extends and expands a state and local tax deduction cap from \$10,000 to \$30,000 for single and joint filers, with the \$10,000 codified to sunset at the end of 2025;
- Elimination of taxes on tips and overtime;
- Deduction of \$4,000 per eligible seniors age 65 or older with a modified gross income less than or equal to \$75,000 for single filers and \$150,000 for married filing jointly, for tax years 2025 through 2028;
- Exemption of car loan interest payments from 2025 through 2028, but only if the indebted occurred after 12/31/2024 (likely to offset the problems caused by Trump's tariffs);
- Temporary expansion of the child tax credit, bumping it up to \$2,500 from \$1,000 from tax years 2025 through 2028, after the \$2,000 credit ends in tax year 2025. And requires SSNs for tax filer, spouse if applicable, and child, but only to the extent the SSN is issued to a citizen of the U.S. and the SSNs provided must be considered "work-eligible" to claim the credit;
- Increases the employer provided child care credit cap from \$150,000 to \$500,000 and allows the percentage of qualified child care expenses covered from 25% to 40%; allows small businesses to pool resources to provide child care to their employees and for businesses by using third party intermediaries to facilitate child care services on their behalf;
- Allows individuals entitled to Medicare Part A to contribute to a health savings accounts if they are still enrolled in a private high-deductible health plan;
- Extends the contributions for the Achieving a Better Life Experience (ABLE) accounts, which is equal to the lesser of the 1) applicants FPL for one-person household in the prior year, or 2) the beneficiary's compensation for the year;
- Increases the university endowment tax rate from 1.4 percent of excise tax and subjects the largest endowments to pay to the corporate tax rates of 7, 14, or 21 percent based on the size of their endowments (likely to punish entities like Harvard for speaking up and fighting back);

- Increases the tax rate on net investments of certain private foundations from the current 1.39% of net investment income to 1.39% for those with assets less than \$50 million, 2.78% for those with assets between \$50 million to less than \$250 million, 5% to those with assets between \$250 million to less than \$5 billion, and 10% for those with \$5 billion or more;
- Applying fees to remittance payments from illegal immigrants to outside of the U.S.
- Americans for Tax Fairness provided an analysis of the tax portion of the bill and said:
 - The “majority of the cuts will go to the wealthiest households and biggest companies.” They said that a wealthy couple with \$2.5 million in income could get a tax break of up to \$55,000 annually by keeping the tax rate at 37 percent rather than reverting it to \$39.6 percent.
 - The top 400 taxpayers alone, who have reported income of \$107 billion, will get an estimated \$800 million in tax cuts each year from the reduction in the top rate.
 - Yale Budget Lab estimates that nearly one quarter of this tax break would go directly to the top 1% of highest income households, significantly more than it would benefit the bottom 60 percent of households.

Drastic Moves are Being Made to Shift the Financial Burden of SNAP to the States, with Governors Warning They Have No Money to Pay for the Cost, and thus SNAP Benefits Would Have to be Cut.

The House Agriculture Committee released its portion of the bill text, section-by-section breakdown, on May 12, but only in the House Repository and not on its website. Markup is expected to occur on May 13.

Among other items, the bill proposes the following:

- Requiring states to pay a portion of SNAP beginning in 2028 by using a sliding scale based on error payment rates. States with the lowest error rate will pay for 5% of SNAP benefits; states with error rates between 6% to 8% will pay 15%; states with error rates between 8% and 10% will pay 20%; and states above 10% will pay for 25%;
- Decrease to the federal share of administration cost from 50% to 25%, meaning states' share of administration cost will be increased to 75%;
- Increasing the age of exemption from the work requirement for able bodied adults without dependents (ABAWDs) to age 64 from the current age 54; Changes the definition of dependent child from under age 18 to under age 7 and carves out an exemption from work for people responsible for a child under age 7 who is married and resides with an individual who complies with SNAP work requirements;
- Lowers the maximum ABAWD waiver in a jurisdiction from 8% to 1%. Also limits the ABAWDs waiver that the Secretary can provide when the unemployment rate is over 10% in state or local jurisdictions to no more than 12 consecutive months.
- Changes and expands general work requirements for SNAP from age 15 to under 60 to over age 17 and under age 65, thus making more seniors work to receive benefits.
- Limits utility allowance in SNAP to households with elderly or disabled members rather than for all households as is the case currently;
- Prevents internet costs from being used as an excess shelter deduction in determining SNAP allotment; and
- Requires the Secretary to make changes to the Thrifty Food Plan according to the Consumer Price Index annually.
- With respect to a state's share of SNAP benefits cost, California's payment error rate in 2023 is 13.4%, putting its share of SNAP benefits cost at 25%. In state fiscal year 2024-25, the federal government is provided \$12.6 billion in SNAP benefits. For California fiscal year 2025-26, CalFresh (California's version of SNAP) is expected to serve 3.2 million families. Under the proposal being released, California would have to contribute \$3.15 billion to SNAP benefits for this provision alone.

Currently, SNAP benefits are entirely paid for by the federal government while administration cost is split 50% by the federal government, 35% by the state, and 15% by counties. If the provision related to cost shifting federal cost from 50% to 25% is enacted, it is uncertain how the state and counties will handle the redistribution of administrative cost moving forward.

Politico reports that the Agriculture Committee was contemplating whether to shift costs to states to reduce benefits to achieve cost savings assigned to it to pay for tax cuts. The governors from both red and blue states have already publicly opposed the idea of shifting costs to the states because state budgets do not have the margin to absorb the cost, and the end result would be a reduction to SNAP benefits. It is this SNAP portion of the federal budget that has had to be revised multiple times because of pushback from centrists within the Republican Caucus, thus resulting in delays to the bill. (As it were, until the California budget is released on May 14, rumor is that the California budget is not looking good and cuts might be in the works without revenue solutions on the table.)

Politico reports that days earlier, anticipating such a move, Democratic Governor Josh Stein of North Carolina drafted a letter arguing that such a move would hamper his state's budget and result in cuts to benefits, restrict eligibility, or both. On social media, he said that the cost of living is increasing and now is not the time to make it harder for families or the elderly to put food on the table.

According to the California Budget Center on a webinar it hosted on May 12, the House plans to vote on a reconciliation bill during the third week of May and the Senate intends to vote on a bill mid-June. In June or July, the two houses will work out the differences in their bills.

President Trump Releases Proposed Fiscal Year 2026 Budget, Which Includes Cuts to Domestic Spending for Basic Needs Programs

On May 2, President Trump released his budget for fiscal year (FY) 2026. The \$1.7 trillion budget would cut \$163 billion across the federal government and impact basic needs programs for the poor including health and housing, child care, education, and climate. The press release from the White House states that the reduction represents a 23 percent decrease to discretionary spending, which could bring nondefense programs to their lowest level in the modern era. This is essentially a proposal that signals ideology and principles - or lack thereof.

Below are some, but not all, of the cuts being proposed:

- \$3.6 billion to the Centers for Disease Control and Prevention Programs leaving it with \$4 billion, a cut of almost 50%. The budget proposes merging multiple programs into one grant program and providing states the flexibility to address local needs. Infection Disease and Opioids, Viral Hepatitis, Sexually Transmitted Infections, and Tuberculosis programs would be merged into one grant program funded at \$300 million;
- Within the CDC, total elimination of:
 - *The National Center for Injury Prevention and Control, which works to reduce gun violence, drug overdoses, car accidents, and childhood drownings;*
 - *The National Center for Chronic Disease Prevention and Health Promotion;*
 - *The National Center for Environmental Health;*
 - *The Global Health Center;*
 - *Public Health and Preparedness and Response; and*
 - *The Preventive Health and Human Services Block Grant;*
- \$18 billion to the National Institute of Health, while maintaining \$27 billion for research;

- \$1.1 billion to the Substance and Mental Health Services and Administration;
- \$674 million from the Center for Medicare and Medicaid Services because funding “had been used to carry out non-statutory, wasteful and “woke activities”; the budget eliminates health equity-focused activities;
- \$1.7 billion cut to and consolidation of the various programs including the Ryan White HIV-AIDS program, multiple Maternal and Child Health Programs, Health Workforce Programs (which provides scholarships to those entering the medical field), and family planning programs;
- \$425 million divestment and elimination of the Commodity Supplemental Food Program, which ensures that low income seniors 60 and over meet their daily nutritional needs by funding food banks to provide food. The budget proposes it be replaced with boxes filled with commodities sourced by farmers and given directly to American households thereby surpassing the food banks as “middle-men” because of DEI misuse;
- \$4 billion cut and elimination of the Low Income Home Energy Assistance Program, which helps low-income Americans pay for their heating and cooling costs. Trump’s administration asserts that the program is unnecessary and states already have policies to prevent disconnection. Here they also use the language of fraud and abuse as justification for the elimination of services that go to low-income people. The New York Times report that last month, the administration fired everyone working in the office that administers the program helping 6.2 million Americans;
- \$770 million from the Community Services Block Grant. Another rant against DEI and equity accompanied this cut and can be found at page 10 of the budget document;
 - *\$33 billion to the Housing and Urban Development Department that would impact affordable housing.*
 - *\$22 billion would be cut from federal rental; assistance programs and a two year cap on subsidies for able-bodied adults would be implemented. States would be allowed to design their own programs based on their unique needs and preferences;*

- *\$3.3 billion divestment and elimination of the Community Development Block Grant, which provided grants to states and local governments for economic development activities;*
- *\$532 million divestment from the Continuum of Care and Housing Opportunities for Persons with AIDs programs into the Emergency Solutions Grant (ESG) program that provides short- and medium-term housing assistance to homeless and at risk individuals, which will be capped at two years;*
- \$1.6 billion divestment and elimination of Job Corps, which funds community services programs under the auspice that these programs are “plagued with a culture of violence, assault crimes, drug infraction and death The elimination of AmeriCorps via defunding and elimination of the Corporation for National and Community Services;
- \$405 million reduction to the Senior Community Services Employment Program, which offers job training and subsidized employment to low-income seniors;
- \$980 million reduction to Federal Work Study and directs the program to states and Institutions of Higher Education that serve the most low-income students and provide a wage subsidy;
- \$729 million to Adult Education because “K-12” education will be returned to the states, “which would make remedial education for adults less necessary”;
- \$75 million divestment and elimination of the Child Care Access Means Parents in School Program “because subsidizing child care for parents in college is unaffordable and duplicative”;
- \$315 million divestment and elimination of the Preschool Development Grants (PDG). EdSource states that PDG helps states improve their preschool and child care programs, by doing assessments, teacher training, and quality improvements. In another anti-DEI framing, the budget document said that the program literally does not fund any preschool for children and their families and has been weaponized to push DEI policies such as intersectionality and racial equity;
- \$2 Billion cut to the Refugees and Unaccompanied Alien Children Programs because these programs were “weaponized” by the Biden-Harris administration to give cash handouts, medical services, and job training to illegal immigrants”;

- \$650 million for the Department of Homeland Shelter and Services Program, which helps cities, migrant advocacy groups, and churches to provide temporary housing to migrants, and supported under the Biden administration;
- \$2.5 billion or approximately a 20% cut to Internal Revenue Services spending, which would likely force the agency to lay off employees, thus making it harder to enforce and collect taxes. (Note this proposal would add to the federal debt by making it harder to collect revenue. The Biden administration dedicated \$80 billion to the IRS over a decade, and according to the NY Times, Republicans have already cut or frozen roughly half of those funds). The budget said that this ends the Biden's administration's weaponization of IRS enforcement which targeted conservative groups and small businesses.

There are no cuts the President's proposed budget for the following programs:

- Head Start was not reduced or eliminated as had been rumored to occur; and
- Supplemental Nutrition Assistance Program.

The President's budget increases spending for the following programs, among others:

- \$113 billion increase spending to defense by 13 percent to bring it up \$1.02 trillion;
- \$175 billion for border security; (Note that some portion of these two increases - at least \$325 billion would go through the reconciliation process occurring in Congress right now;
- \$500 million to Make American Healthy Again, an initiative that would allow the Health and Human Services Secretary to tackle nutrition, physical activity, healthy lifestyles, over-reliance on medication and treatments, effect of new technology habits, environmental impacts, and food and drug quality and safety;
- \$3.3 billion to the Veterans Administration for more health care services tailored to meet veterans needs both at VA medical centers and in the community by allowing veterans (to use non-VA facilities). The budget said that of this amount, \$1.1 billion would be targeted with helping prevent homelessness by providing rental assistance, case management, and support services.

The New York Times reported that Elon Musk and Space X are big winners in Trump's spending plan as it reorients federal spending on space in ways that would drive billions of dollars in new business to SpaceX. Trump wants to build a Golden Dome, or missile defense shield, for the U.S. and Space X will play a major role in building the dome. Trump's plan would also provide \$1 billion in new investments in Mars, so that he can plant a flag there as stated in his address to Congress in March. Alan Rappaport of The New York Times further reported that the proposed budget was a joint project of the Department of Government Efficiency and Trump's team.

Tony Room of The New York Times reported that the driving force behind the President's new spending plan is Russell T. Vought, the director of the White House's Office of Management and Budget (OMB), and a key architect of Project 2025. He led OMB during the first Trump Presidency.

Russell Vought, in his letter accompanying the proposed budget to Susan Collins (R-ME), Chair of the Senate Committee on Appropriations, said, "The recommended funding levels result from rigorous, line-by-line review of FY 2025 spending, which was found to be laden with spending contrary to the needs of ordinary working Americans and tilted toward funding niche non-governmental organizations and institutions of higher education committed to radical gender and climate ideologies antithetical to the American way of life." Vought also said that part of their approach was to consider whether programs should be left to state or local governments, if funded at all.

Gina Plata-Nino, SNAP Deputy Director at the Food Research and Action Center in a blog said, "While Congress holds the power to make spending decisions, the administration's proposal outlines substantial cuts to programs that support Americans with low - and moderate - incomes. If implemented, these reductions threaten to exacerbate poverty, increase food insecurity, and dismantle critical tools that help individuals escape poverty."

House Speaker Johnson has endorsed Trump's budget. "Our country cannot continue to bear the hard consequences of years of runaway spending under Democratic leadership, and this budget makes clear that fiscal discipline is nonnegotiable," said Johnson.

Senator Chuck Schumer (D-NY), minority leader, said Trump's budget proposal was "heartless" and called it an "all out assault on hardworking Americans. It's not just fiscally irresponsible, it's a betrayal of working people from a morally bankrupt president."

The next steps in the President's budget include Congressional committees identifying cuts and spending increases, drafting them into the reconciliation bill being worked on in Congress right now, and then voting on a budget by September 30, 2025. The challenge for the reconciliation bill is how to pay for Trump's 2017 tax cuts set to expire this year, which would cost \$4.5 trillion from 2025 through 2034 if they were to be continued. Will programs that everyday Americans need will be cut to pay for tax relief going to the rich, or will the national debt grow even bigger to pay for everything everyone wants?

Department of Education Initiates Steps to Change Public Service Loan Forgiveness Eligibility and Revoking Non-Profit Status of Organizations which May Lead to Employees Losing Their Eligibility

In the previous two months, CCWRO has written about the Public Service Loan Forgiveness (PSLF) plans and President Trump's executive order (EO) directing his education secretary to revise eligibility requirements for the PSLF Program.

The executive order requires the Secretary of Education, in coordination with the Secretary of Treasury, to propose revisions to 34 C.F.R. 685.219 to ensure that the definition of "public services" excludes organizations that are deemed to have a "substantial illegal purpose."

PSLF forgives education debt held by people who work in government or certain nonprofits if they spend 120 months working full time for these sectors, while paying for their student loans, and enrolled in a specific repayment plan.

On April 4, the U.S. Department of Education issued a formal notice in the Federal Register to refine definitions of qualifying employers for the purposes of determining eligibility for PSLF. The notice also pertains to Pay as You Earn (an income driven repayment plan where monthly income is driven by discretionary income), Income-Contingent Repayment (a student loan repayment plan adjusted for income, or can be based on discretionary income), and other topics that would streamline current financial assistance programs. This notice initiating negotiated rulemaking is required by federal law (20 U.S.C. 1098a) and needs to be followed when updating or changing federal regulations. A formal notice is a first step in the rule changing process. Adam Minsky from Forbes reported that Department officials will then form a committee of stakeholders and hold a series of public hearings to discuss proposed changes, with the process ending in published final regulations. According to the notice, the dates and locations of negotiated rulemaking meetings will be published in the Federal Register.

This is how the administration is pitching its changes: “This process will focus on how the Department can rightsize Title IV regulations that have driven up the cost of college and hindered innovation,” said Acting Under Secretary James Bergeron in a statement. “Not only will this rulemaking serve as an opportunity to identify and cut unnecessary red tape, but it will allow key stakeholders to offer suggestions to streamline and improve federal student aid programs.”

Forbes reported that legal observers and student loan borrower advocacy groups have argued that the somewhat vague definition of “illegal purpose” could “ensnare” any organization that engages in activities the Trump administration opposes. Forbes further reported that these groups have argued that neither President Trump nor the Department of Education have any authority to narrow the definition of a qualifying employer for PSLF without congressional authorization, and doing so violates the U.S. constitution.

One other way to weaken and limit PSLF or punish organizations that take a stance in opposition to the Trump administration, or both, could be accomplished by revoking an organization's non-profit status, as Trump has threatened to do with Harvard University. If Harvard and other entities lose their nonprofit status, their employees would not be eligible for PSLF, as was reported by Adam Minsky in Forbes on April 17th.

“The Trump administration's actions threatening to revoke the nonprofit status of a major educational institution may only be the salvo in what could be a broader assault on nonprofit organizations,” wrote Minsky. Forbes reported that President Trump has threatened Citizens for Responsibility and Ethics in Washington (CREW), a nonprofit legal organization focused on government ethics and accountability, that has sued the Trump administration.

“This executive order is a political attack on nonprofits with 501(c)(3) status that support or engage in activities falling within the administration's flawed and intentionally vague definition of ‘illegal,’” said Kristin McGuire, Executive Director of Young Invincibles in a statement in March. “This deliberately unclear and expansive definition creates an ambiguous catch-all, targeting advocacy organizations whose work doesn't align with the Trump administration's ideological agenda.”

PSLF is also a focus for congress as part of the budget reconciliation bill, which only requires a majority vote in both the House and Senate to pass. On April 28, the House Committee on Education and Workforce released a draft of the bill and marked up the bill on April 29. Broadly, the committee received instructions to produce savings over 10 years. The committee proposes to change the definition of public service to exclude time spent on dental or medical residency internships or residency programs from counting toward the 120-month participation requirement toward forgiveness. All amendments to the bill failed and the PSLF proposed changes remain intact at this time in the process.

In a CNBC story, Jessica Thompson, senior vice president of The Institute for College Access & Success advised those pursuing PSLF to print out a copy of their payment history on StudentAid.gov or request one from their loan servicer. In addition, PSLF participants should keep a record of the payments they have made, including the amount, count, and employer certification.

USDA Requiring States to Provide Records on SNAP Benefits

On May 6, USDA's Food and Nutrition Service (FNS) issued a press release and memo to state agency directors about the Supplemental Assistance Program (SNAP), requiring states to provide applicants' and recipients' names, dates of birth, personal addresses, Social Security numbers, and allotments with the federal government.

The USDA seeks retroactive information from January 1, 2020, to the present. Failure to comply may result in FNS noncompliance procedures specified at 7 USC 2020(g).

This request from FNS concerning. National Public Radio (NPR) reports that the Trump Administration has been ramping up collection and consolidation of American's sensitive data, and are using the data to make misleading claims about people in the U.S. illegally accessing public benefits to commit fraud, and building greater capacity to deport them. Specifically, Wired, the Washington Post, and CNN have reported that DOGE is linking data across agencies including the Social Security Administration, Department of Homeland Security (DHS), and the Internal Revenue Services. And in April, DHS announced an overhaul of the Systemic Alien Verification Entitlement (SAVE) database, making the system free for states and local governments to use to verify non-citizen status.

NPR reports that it obtained emails of federal auditors seeking data, including citizenship data sent before the memo was released. NPR correctly reports that only some categories of lawfully present noncitizens are eligible to receive SNAP benefits, and those without legal status can never qualify.

Hence the expansion of the California Food Assistance Program currently slated to take effect in October 2027, which would allow more people not eligible for SNAP to obtain state food assistance similar to SNAP. However, in SNAP, as in CalWORKs, a non-citizen parent without legal status may apply for assistance on behalf of their U.S. citizen children. These parents are now the target of an organized federal government driven effort to track them down.

At CCWRO, we also think the fraud, waste, and abuse is a talking point strategically being deployed to gut public benefits programs and destroy government infrastructures. An example of that comes from the Department of Government Efficiency and the cuts it has made. NPR reports that in 2023, about 12 percent of SNAP benefits were over or underpayments. Center for Budget and Policy Priorities conducted an analysis of SNAP improper payments and concluded that most over and underpayments occurred because of unintentional mistakes by workers or households, and not fraud. That analysis states that about half of overpayments and 80 percent of underpayments in fiscal year 2019 were the state's fault, while others were simple mistakes, and all overpayment must be paid back. NPR reports that USDA's own data shows that only 1 percent of the 12 percent is related to citizenship eligibility. Additionally, only 50 percent of eligible noncitizens (including refugees and green card holders) and 59 percent of eligible children with noncitizen parents were enrolled in SNAP. That is to say, the real problem is under enrollment and not overenrollment.

The memo states:

- *At present, each state, district, territory, and payment processor is a SNAP information silo. These various entities maintain discrete collections of SNAP application, enrollment, recipient, and transaction data, each of which is necessary in ensuring the integrity of the program.*

- *FNS is therefore working with several SNAP payment processors to consolidate SNAP data. Processors may reach out to state agencies to provide notice of this partnership and data sharing if they have not done so already. FNS cites to 7 USC 2020(a)(3) and (e)(8)(A) and 7 CFR 272.1(c)(1) and (e) as legal sources that authorizes USDA and FNS to obtain SNAP data from state agencies and, by extension, their contractors.*
- *FNS is requiring all states to submit data that identifies individual applicants and recipients of SNAP, in the forms of names, dates of birth, personal addresses, and Social Security numbers.*
- *FNS is also seeking records to calculate the total dollar value of SNAP benefits received by participants over time, with the ability to filter benefits received by date range.*

John Davisson, senior counsel and director of litigation at Electronic Privacy Center told NPR that the data demands are alarming and reckless, likely violates the Privacy Act and other statutes, and that the data could be used for surveillance and deportation.

The press release from FNS cites Executive Order 14243, Stopping Waste, Fraud, and Abuse by Eliminating Information Silos, and requires agency heads to “take all necessary steps, to the maximum extent consistent with law, to ensure the federal government has unfettered access to comprehensive data from all state programs that receive federal funding, including, as appropriate, data generated by those programs but maintained in third-party databases.” According to the press release, this includes the Electronic Benefits Transfer (EBT) processor.

NPR reports that Fidelity Information Services, a third party processor used by some states, told its partners the day before the memo came out that it has been contacted and that proprietary, confidential, or personally identifiable information has not been shared.

The company provided the following statement to NPR, "As agreed with the USDA and in compliance with federal regulation, FIS has notified States of the USDA's request and is working with both to determine the most efficient manner to respond with the requested information."

SNAP serves 42 million people each month. Each state administers the program based on eligibility determined by congress. NPR reports that while the USDA and its Office of Inspector General can audit state SNAP programs, participant's personal data is typically under the control of states.

NPR further reports that in March, USDA's Office of Inspector General notified California, Florida, New York and Texas of inspections to SNAP programs to see if states were improperly using administrative funds to pay out benefits. For at least one state, FNS requested sensitive data information including citizenship status, household members, contact information, and addresses. The story did not name the state for which this information was being sought from. NPR noted that all inspector generals were fired when the Trump administration came to office.

This is a developing story and CCWRO will continue to provide information as we learn more.

USDA Pushing Work for Able-Bodied Adults Without Dependents

On April 17, the U.S. Department of Agriculture issued a memorandum to all state agencies administering the Supplemental Nutrition Assistance Program (SNAP) to make it "clear that states must ensure SNAP benefits are provided with an expectation that those who can work, do."

"Since my confirmation, I have reiterated that the states are our partners, and this includes ensuring our nutrition programs are tied to putting Americans back to work," said Secretary Rollins in an April 17 press release. "It is important to remind states that Congress conditioned the receipt of benefits by able-bodied adults without dependents on satisfying work requirements.

Many states have abused the system by requesting work requirement waivers. Today marks the start of a new era for SNAP—prioritizing work, career and technical education, and volunteering rather than idleness, excess spending, and misapplication of the law.”

According to USDA’s press release, in June 2023, the Fiscal Responsibility Act of 2023 amended the Food and Nutrition Act of 2008 (the Act) to include a purpose statement for SNAP: “to assist low-income adults in obtaining employment and increasing their earnings.”

The press release states, “Today’s memorandum reiterates these fundamental objectives and their interaction with the Secretary of Agriculture’s authority to grant state SNAP agencies requests to waive the time limit on receiving SNAP benefits by Able Bodied Adults Without Dependents (ABAWDs) who do not meet statutory work requirements. Section 6(o)(4) of the Act explicitly allows the Secretary sole discretion to grant an ABAWD waiver request when the Secretary determines that the area has an unemployment rate of over 10% or does not have sufficient jobs to provide employment for ABAWDs.”

The press release further states, “Congress conditioned the receipt of benefits by ABAWDs on satisfying work requirements when it passed the Personal Responsibility, Work, and Opportunity Reconciliation Act of 1996 (PRWORA, PL 104-193). The text and structure of the statute reveals a clear purpose to reduce dependence on public assistance programs and to support self-sufficiency. Congress also allowed the Secretary discretion to approve waivers of the ABAWD work requirement in specific circumstances outlined in Section 6(o)(4).” FNS said it will review the effectiveness of current regulatory authorities to effectuate statutory requirements and the Secretary’s discretion. At this point, it is uncertain what this means for California’s ABAWD waivers moving forward. In January, CCWRO wrote about California’s ABAWD waiver, effective from February 1, 2025, through January 31, 2027. The waiver was approved by FNS in January, before the Trump Administration took control of the federal government. On February 14, 2025, CDSS issued All County Letter No. 25-14 about the waiver approval.

Introducing Bob Erlenbush and CCWRO's Federal Basic Needs Monitoring and Advocacy Project

CCWRO is excited to welcome Bob Erlenbusch as our Public Benefits Consultant for our newly created Federal Basic Needs Monitoring & Advocacy Project.

The project aims to educate qualified legal services providers and others in the health and human services arena about budget and policy changes in Congress and regulatory and other changes from the Trump administration, and for CCWRO to respond to proposals to reduce harm to basic needs programs recipients to the extent possible.

“CCWRO is excited to announce this project as an expansion of our advocacy efforts to protect essential and life saving basic needs programs that help ensure health, safety, and opportunities for Californians struggling with poverty,” said Kevin Aslanian, CCWRO’s Executive Director. “We are so pleased to have someone as seasoned, dedicated, and passionate, as Bob at the helm of this advocacy effort as the federal government dismantles and undermines efforts in health and human services that have taken decades to build, and where the threats to our programs and the people they serve and could have harmful reverberations for years and decades to come.”

"I am honored to be joining the CCWRO team, which has a long history of advocacy in California, especially on CalWORKs issues," said Bob. "I look forward to adding CCWRO's voice to the other social justice voices on the national level, to push back against the Trump administration and the more conservative members of Congress, as they propose a draconian budget that includes deep cuts to Medicaid and the Supplemental Nutrition Assistance Program (SNAP), and the elimination of Head Start. We must preserve these critical basic needs programs while we demand that wealthy Americans pay their fair share of taxes."

Bob brings over three decades of advocacy at the intersection of homelessness and basic needs programs. He began as the Community Advocate at the Los Angeles Health Care for the Homeless, where co-founded the General Relief (GR) Advocacy Coalition, which advocated to increase the GR grant level, in partnership with several legal service organizations, including the Legal Aid Foundation of Los Angeles and Public Counsel.

Bob then became the Executive Director of the LA Coalition to End Hunger and Homelessness, one of the few local homeless coalitions in the nation, which not only worked on homeless civil rights issues, but also public benefits, including General Relief, Food Stamps (now SNAP), Supplemental Security Income (SSI) and Aid for Families with Dependents Children (AFDC), which became Temporary Aid for Needy Families (TANF) in 1996.

Seeing that welfare was no longer an entitlement because of time limits, and fearing that the change could drive more families into homelessness, Bob founded the National Welfare Monitoring and Advocacy Coalition where he worked closely with Kevin Aslanian here at CCWRO, the Children's Defense Fund, and others on the Steering Committee, to create a national monitoring project. In 1998, they produced "Welfare to What: Early Findings On Family Hardship and Well-Being" that documented an increase in homelessness driven by the change in "welfare as we know it."

Bob continued public benefits advocacy as the Executive Director of the Sacramento Regional Coalition to End Homelessness, in partnership with Legal Services of Northern California, and together, they won an advocacy campaign to dramatically increase the GR cash assistance/loan level in Sacramento County to over \$350 month. Finally Bob, a longtime board member of the National Coalition for the Homeless.

“CCWRO’s work to support qualified legal services providers and the public beneficiaries served by legal aid is always better when we get input and feedback from the community about how they feel and how proposed cuts would impact beneficiaries,” said Kevin Aslanian. To that end, we ask that you reach out to Bob to share your experience, knowledge, and information with him as we embark on this journey at this junction of U.S. History, to defend our basic needs programs for the poor from being destroyed so that rich people can become even richer through tax redistribution.”

Bob can be reached at bob.erlenbusch@ccwro.org and cell: 916-889-4367.

