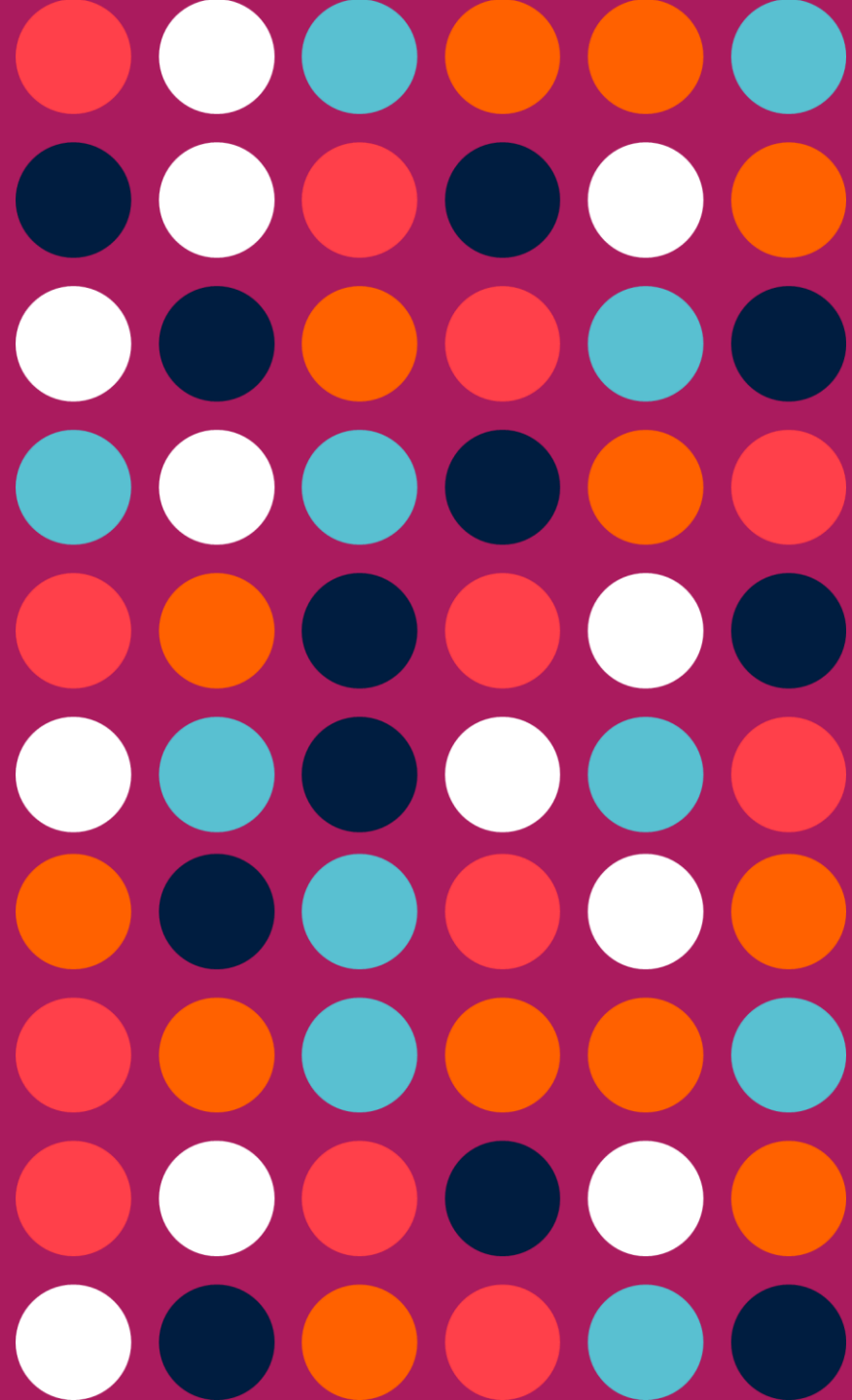


H.R. 1

Reviewing the Federal Budget and its Expected Impact on the Social Sector



Areas of Focus

Ongoing Advocacy

Medicaid

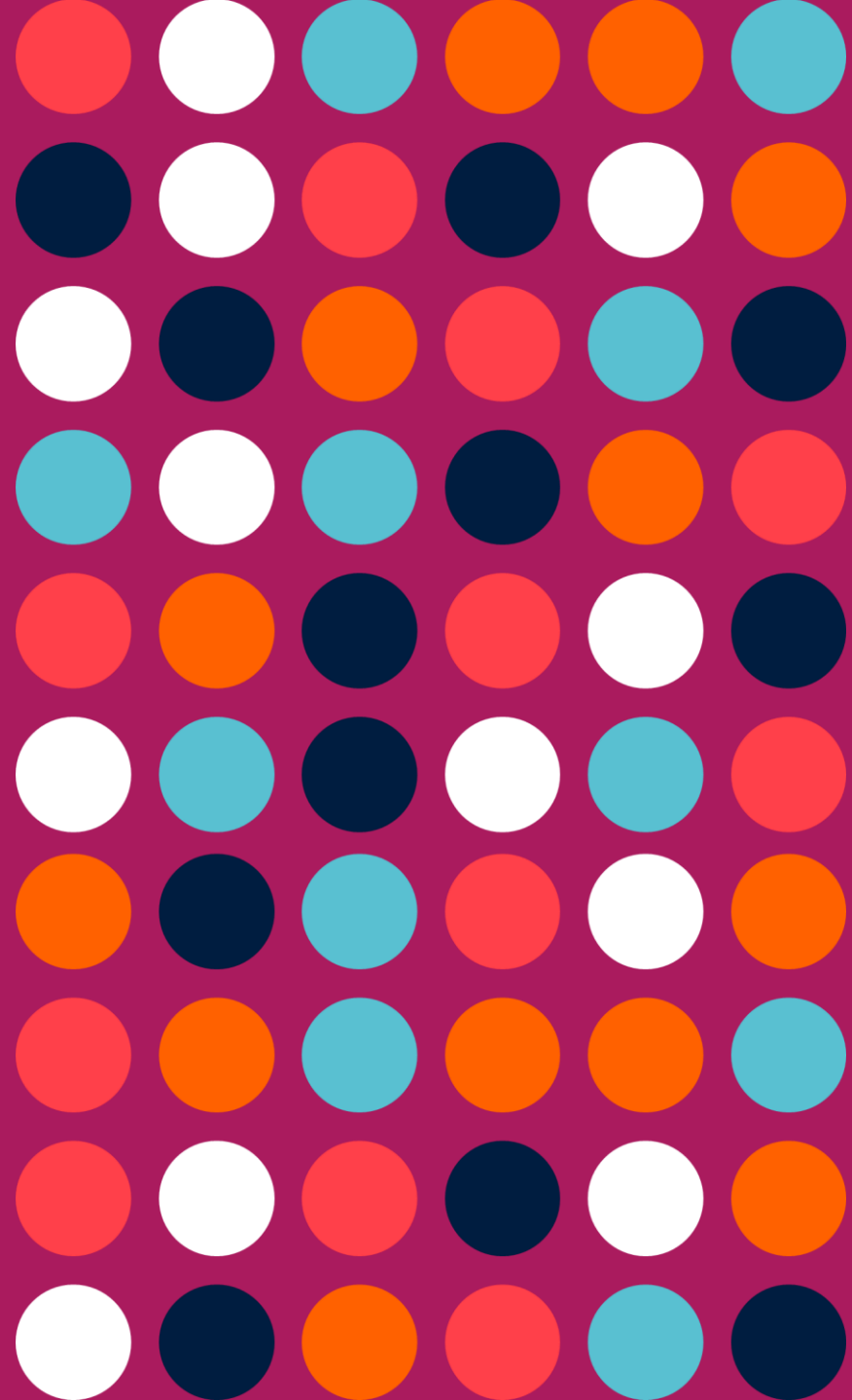
SNAP

Student Loans

Tax Provisions

Ongoing Advocacy

*Preparing for
Implementation*



Unique Role of Nonprofits

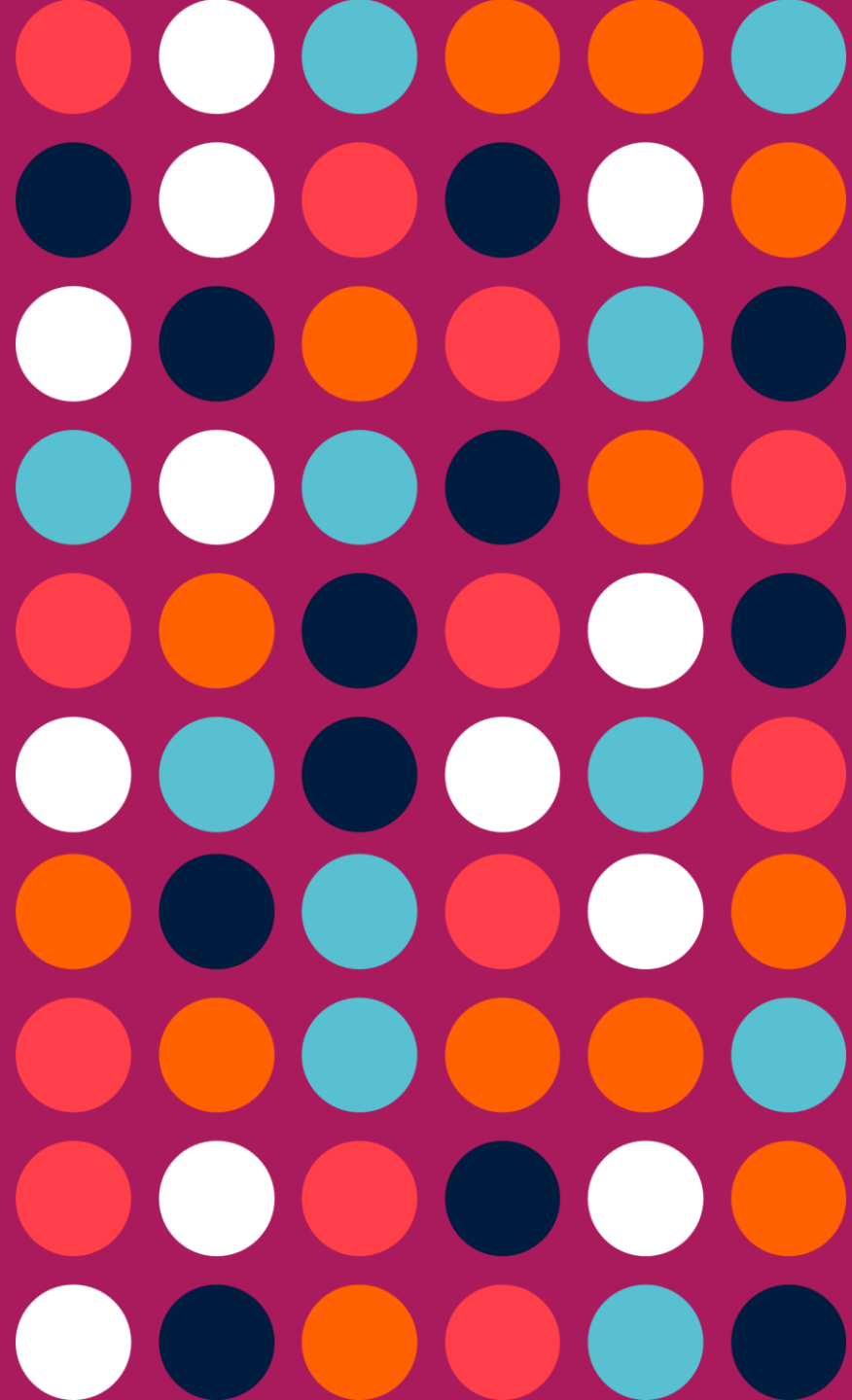
- Nonprofits are uniquely positioned for advocacy given their deep, specialized knowledge of communities' strengths, needs, and lived experience
 - By sharing your story and lifting the voices of the communities you serve, you will be able to partner with your representatives to advocate for critical reforms urgently needed by your community
- **Your voice is needed to guide informed, responsive policy decisions**

Advocacy Through Implementation



- Several key provisions of the bill will not go into effect for years
 - Additional provisions will require rule making and may be implemented with additional exemptions and provisions
- Ongoing advocacy is essential to ensuring representatives are aware of how the bill will impact their communities and what actions are needed to ameliorate potential harm
- Nonprofits are uniquely positioned due to their lived experience, passion, and purpose, collectively offering an invaluable perspective
 - When you bring your full story into the room, you reshape the conversation

Medicaid



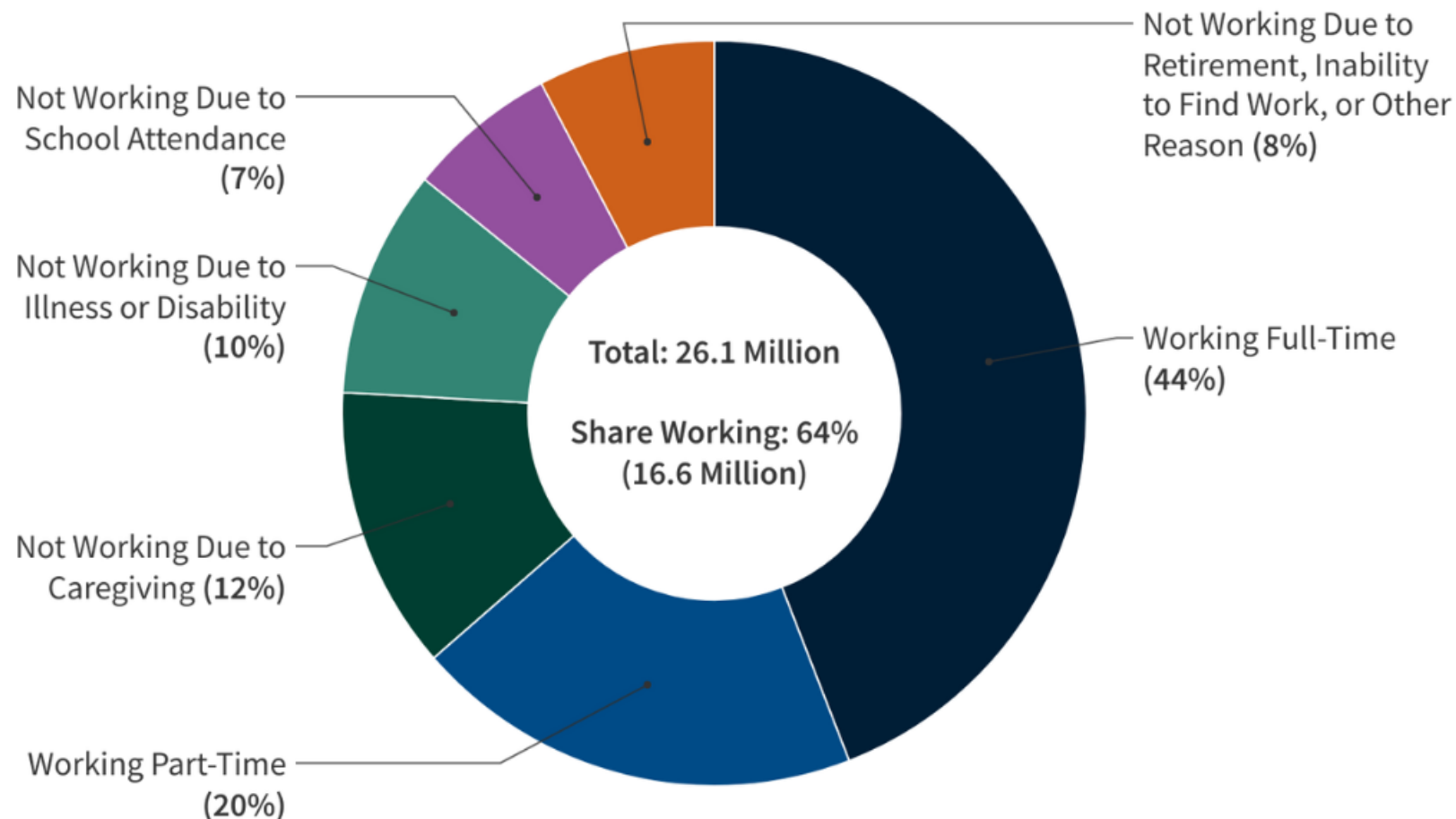
Community Eligibility Requirements



- **Key Populations:** Able-bodied adults, from ages 18 to 64
- **Requirements:** Work, volunteer, or attend school for at least 80 hours per month
 - **Exemptions:** Parents of children 14 and younger, as well as those experiencing certain short-term hardships
- **Effective:** no later than Dec. 31, 2026
- **Note:** *States are required to continue providing coverage during the 30-day window following notification of non-compliance*

Work Status & Barriers to Work Among Medicaid Adults, 2023

Includes Medicaid covered adults (age 19-64) who do not receive benefits from Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) and are not also covered by Medicare.



Source: [KFF](#)

Efficacy of Work Requirements

- The impact of work requirements for Medicaid recipients can be **challenging to determine**
 - While several states have attempted to implement work requirements, legal challenges and economic disruption caused by the COVID-19 pandemic have **prevented the vast majority from being implemented**
 - **Key expected challenges include the burden of documentation**
 - Individuals who meet the requirements will not be able to maintain coverage if they are unable to consistently document and submit proof of the number of hours they've worked
 - Reporting work hours can be especially difficult for individuals with multiple jobs, individuals without internet or computer access, and individuals with limited English proficiency
- **Arkansas and Georgia are the only two states that have implemented Medicaid work requirements**

Efficacy of Work Requirements: Arkansas



- **Duration:** June 2018 to March 2019, when a court order was issued
 - The court determined that the program did not satisfy the primary objective of Medicaid and should not have been approved by CMS
- **Key Requirements:** Medicaid beneficiaries, ages 19 to 49, were required to report 80 hours of approved work or community engagement activities each month through an online portal
 - **Failure to report hours for any three months without an exemption resulted in a loss of coverage for the remaining calendar year**
- **Impact:** More than **18,000** Medicaid enrollees lost coverage during the nine-month period that the work requirement was in effect due to noncompliance
- **Note:** Most Medicaid coverage losses in 2018 were **reversed** in 2019 after the court order

Key Impact: Arkansas

- Work requirements **did not increase employment** over 18 months of follow-up
- Individuals in Arkansas, ages 30–49, who had lost Medicaid experienced **adverse consequences**:
 - 50% reported **serious problems paying off medical debt**
 - 56% **delayed care** because of cost
 - 64% **delayed taking medications** because of cost
- **Awareness** of the work requirements remained poor
 - **More than 70% of Arkansans were unsure whether the policy was in effect**
- **Note: More than 95% of persons already met the requirement or should have been exempt**

Increased Re-Enrollment Frequency



- **Currently**, Medicaid beneficiaries re-enroll **yearly**
 - H.R. 1 requires beneficiaries to **re-enroll every six months beginning Dec. 31, 2026**
 - Enrollees will also have to provide additional income and residency verifications
- The Congressional Budget Office estimates that requiring biannual eligibility redeterminations would **increase the number of uninsured individuals by 700,000 in 2034**
 - Increasing the frequency of re-enrollment **significantly increases the risk of procedural disenrollments**
 - Disrupted coverage prevents individuals from accessing immediate and preventive health care

Expected Impact

- **Work requirements, eligibility verifications, and biannual re-enrollment requirements** pose substantial barriers to accessing Medicaid
 - **Procedural disenrollments** often occur because beneficiaries do not receive a renewal notice, do not understand the process, or do not respond within the required timeframe
 - **Procedural errors** increase the risk of **disenrollments** and contribute to **enrollment instability**
- **Enrollment instability** also poses a significant, costly **administrative burden** for states
 - Costs extend to enrollees who are also likely to experience **disrupted care**, leading to higher rates of emergency room utilization and hospitalizations as well as reduced access to prescription medications

Retroactive Coverage Under Medicaid and CHIP



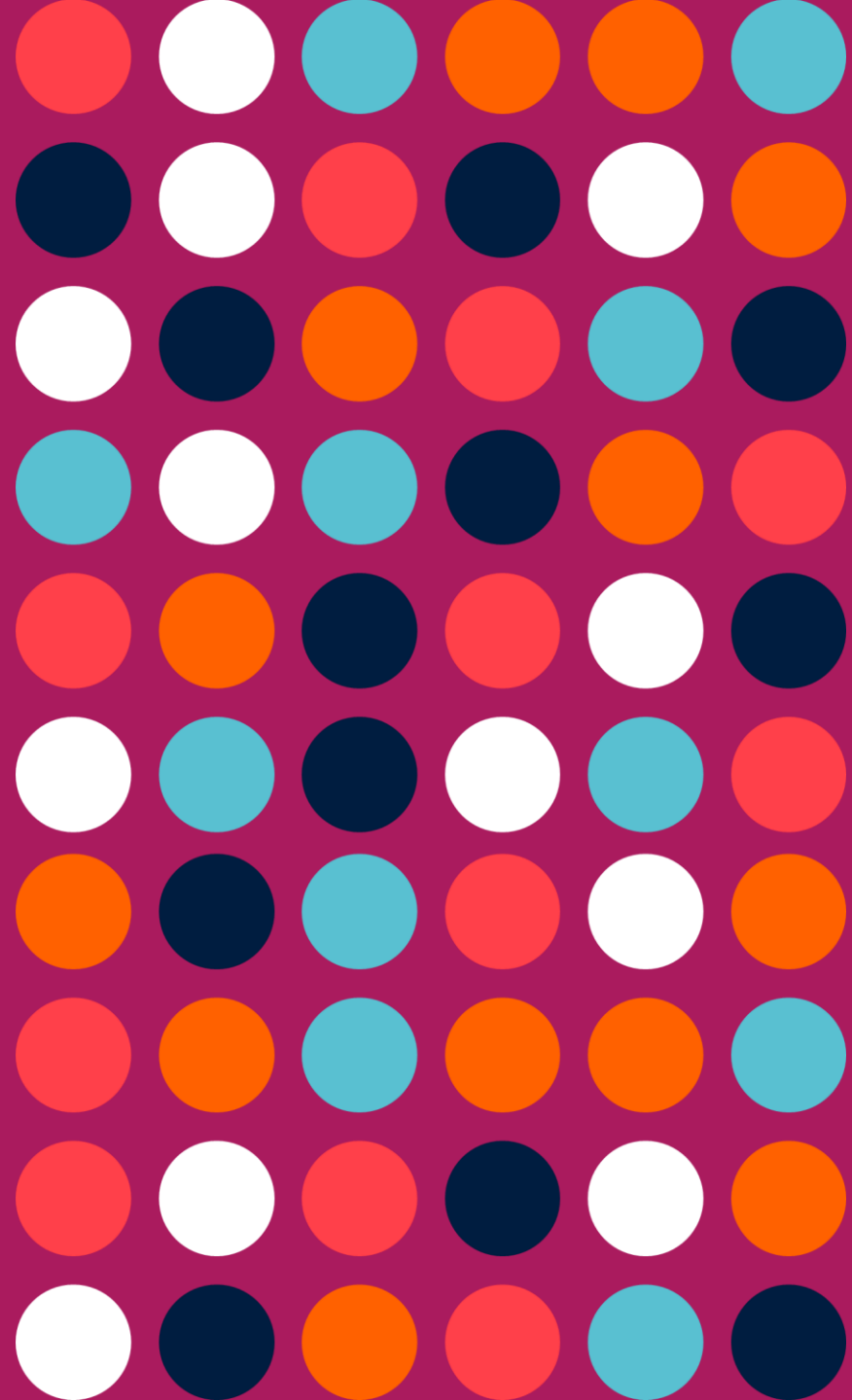
- **Currently**, states are required to provide Medicaid coverage for qualified medical expenses incurred **up to 90 days before the application date**
 - H.R. 1 restricts retroactive eligibility under Medicaid and the Children's Health Insurance Program to **1 month before enrollment for Medicaid expansion beneficiaries**
 - Retroactive eligibility is reduced to **two months for traditional Medicaid beneficiaries**
- Shortened timeframes restrict essential time needed to gather the required supporting documentation before individuals are able and ready to apply
 - **Limited retroactive coverage periods severely increase the risk of incurring burdensome medical debt**

Federal Matching Assistance Percentage (FMAP)



- **Previously**, the federal government utilized FMAP as an incentive for states to expand their Medicaid programs
 - The federal government **currently covers 90% of the costs** for Medicaid enrollees who gained coverage through the expansion
 - In **non-expansion states**, the Federal Medical Assistance Percentage for Medicaid typically ranges from **50% to 83%**
 - **States that extend Medicaid significantly increase access to care** among individuals whose incomes are above their state's eligibility threshold but below the poverty level, leaving them ineligible for marketplace subsidies
- Through H.R. 1, the FMAP incentive will be sunset for states that elect to expand their Medicaid programs **after Jan. 1, 2026**

Supplemental Nutrition Assistance Program (*SNAP*)



Community Eligibility Requirements



- **Key Populations:** Able-bodied adults, from ages 18 to 64
- **Requirements:** Work, volunteer, or attend school for at least 80 hours per month
 - **Exemptions:** Parents of children 14 and younger, as well as those states with an unemployment rate that is at or above 1.5 times the national unemployment rate
- **Effective:** as soon as 2025, awaiting federal guidance

Who Receives SNAP Benefits?



67%
of individuals

participating in SNAP are a **child**, an **elderly adult**, or an **adult with a disability**.

-  **40%** Child
-  **18%** Elderly adult
-  **9%** Adult with a disability
-  **20%** Adult without disabilities, child(ren) in household
-  **13%** Adult without disabilities, no children in household

State Funding Requirements

- **Currently**, SNAP is **fully funded** by the federal government
- H.R. 1 creates **progressive cost-sharing requirements according to payment error rates**
 - The individual state payment error rates measure the accuracy of each state's eligibility and benefit determinations
- For states with a PER **below 6%**: 0% state match
- For states with a PER **6-7.99%**: 5% state match
- For states with a PER **8-9.99%**: 10% state match
- For states with a PER at **10% or higher**: 15% state match

Key SNAP Data

- According to the Food and Nutrition Service, approximately **42.1 million individuals received SNAP benefits in FY 2023**
 - The percentage of a **state's population receiving SNAP benefits ranges from 4.6% to 23.1%**
- In **FY 2024, all states and territories had a positive payment error rate**, ranging from 3.28% to 24.66
 - **9 states and the U.S. Virgin Islands** had a PER below 6%
 - **6 states** had a PER between **6 and 7.99%**
 - **17 states and Guam** had a PER between **8 and 9.99%**
 - **21 states and the District of Columbia** had a PER of **10% or higher**

Expected Impact of Cost Sharing



- Cost sharing agreements would place a significant burden on state budgets
- Consider the impact on Pennsylvania, a state that had a 10.76 error rate in FY 2024
 - **For a 10% match, Pennsylvania would have had to pay nearly \$427 million**
 - **The cost is approximately 1.5 times what that state spends on its entire community college system**

The Thrifty Food Plan

- The next reevaluation of the **Thrifty Food Plan can occur up to October 1, 2027**
 - **Currently, benefit adjustments occur yearly** according to the cost of the Thrifty Food Plan
 - The Thrifty Food Plan estimates the cost of groceries needed to provide a healthy, budget-conscious diet for a family of four
- As a result, SNAP benefits are expected to **fall behind** rising food costs
 - Families may experience diminished purchasing power and increased challenges accessing sufficient, nutritious food

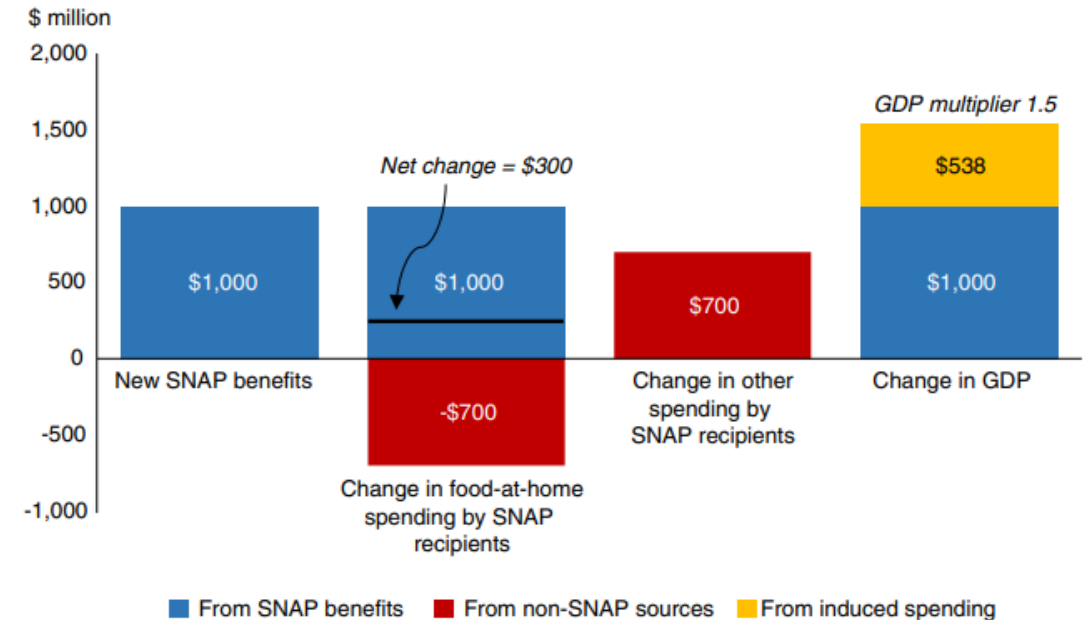
Expected Reductions in Benefits

- **The Low-Income Home Energy Assistance Program Connection** will now **only** apply to households with an elderly or disabled member
 - **Previously**, all SNAP recipients who received LIHEAP could also claim a standard utility allowance when calculating their SNAP benefits, **increasing available assistance**
- Households are **no longer allowed** to include internet costs in **excess shelter deductions**
 - **Previously**, the SNAP shelter deduction allowed a household to deduct housing expenses—like monthly rent, repair costs, and standard utility allowances—that exceed half of its net income when calculating SNAP benefits

National Economic Impact

- The U.S. Department of Agriculture (USDA) has referred to SNAP as an automatic stabilizer
- A hypothetical \$1 billion increase in SNAP assistance collectively increases GDP by \$1.54 billion, supporting 13,560 jobs, and creating \$32 million in farm income

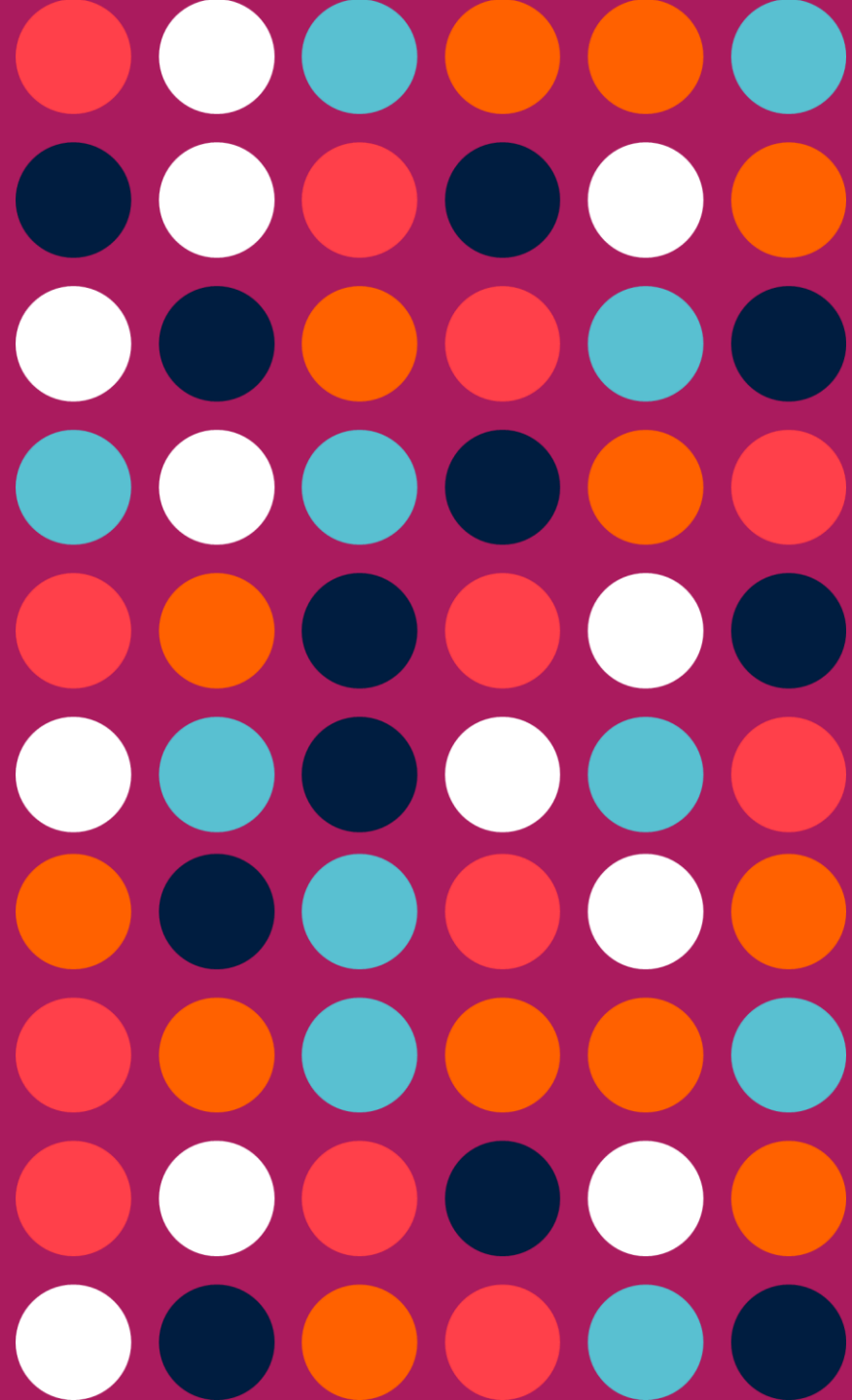
\$1 billion in new SNAP benefits raises GDP by \$1.5 billion



Notes: SNAP = Supplemental Nutrition Assistance Program. GDP = Gross domestic product. Induced Spending refers to spending occurring after the initial \$1 billion SNAP expenditure, which is derived from income generated for all involved in the production, distribution, marketing, and sales of the final goods and products sold. Results are reported in 2016 dollars.

Source: U.S. Department of Agriculture, Economic Research Service.

Student Loans

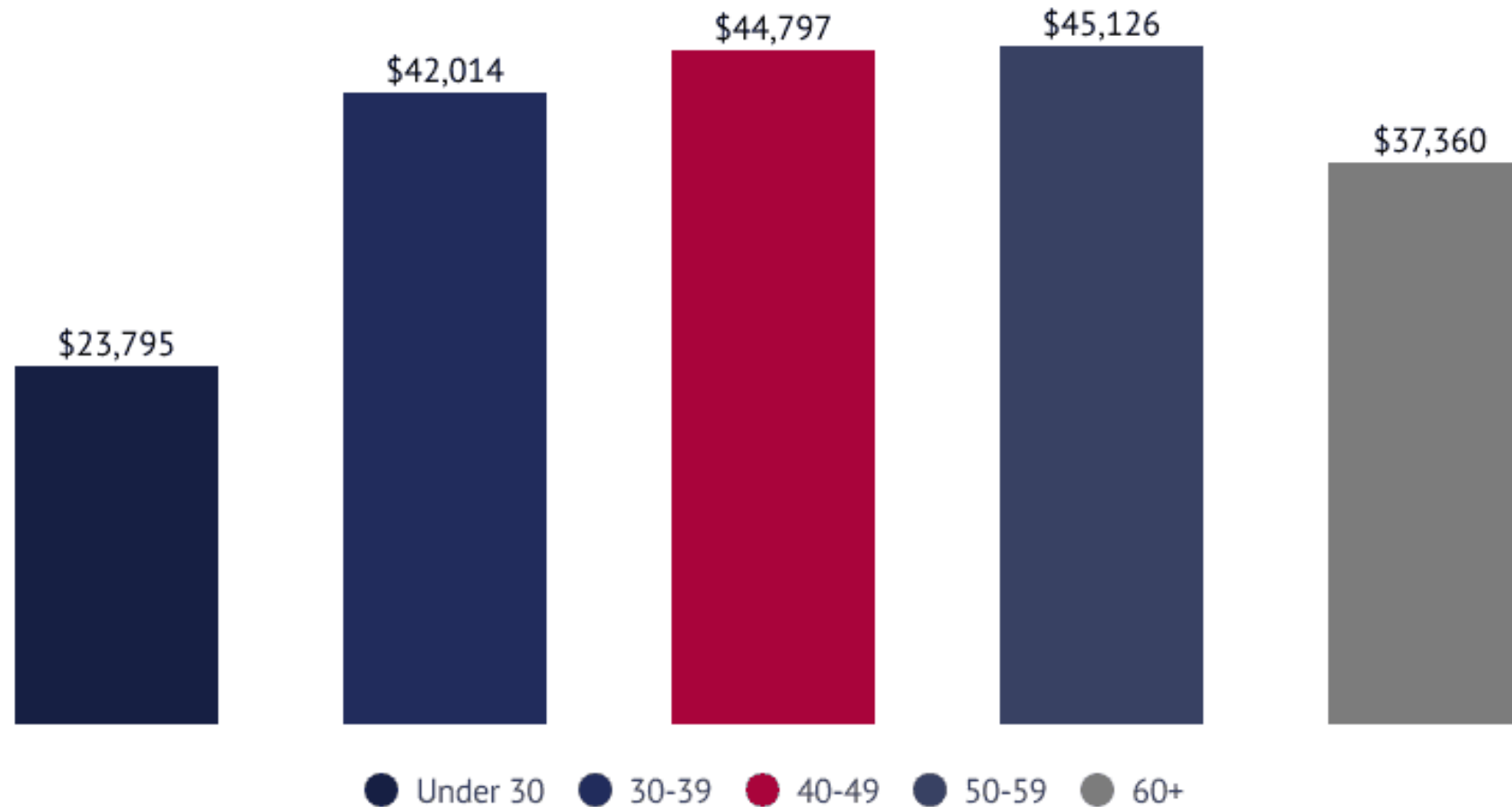


Restricted Deferments & Forbearance



- Borrowers who receive loans **on or after July 1, 2027, will no longer be able to defer loans due to unemployment or economic hardship**
- For loans **issued on or after July 1, 2027**, borrowers may only receive **forbearance for a maximum of nine months within any 24-month period**
 - **Currently**, borrowers have **up to 36 months of forbearance available**, which can be used for **up to 12 months at a time**, with **no prohibition on consecutive forbearances**

Average Remaining Student Loan Debt by Age Group



Education Data Initiative source: Federal Reserve Bank of New York

Updated March 7, 2025

Borrowing Limits

- **Graduate-level Stafford loans:** \$20,500 per year
 - **Lifetime limit:** \$100,000 for graduate students
- **Professional-level Stafford Loans** for law and medical school: \$50,000 per year
 - **Lifetime limit:** \$200,000
- **Parent PLUS loans:** \$65,000
- *All changes will take effect July 1, 2026*

Income-Contingent Repayment & SAVE Plans



- All borrowers with **loans in income-contingent repayment or related forbearance** are required to either choose the Repayment Assistance Plan (a new income-based plan) or the Income-Based Repayment Plan
 - Pay as You Earn (**PAYE**), Saving on a Valuable Education (**SAVE**), and the Income-Contingent Repayment (**ICR**) Plan will all be phased out
- Borrowers will need to select their plan **between July 2026 and July 2028**

Repayment Assistance Plan

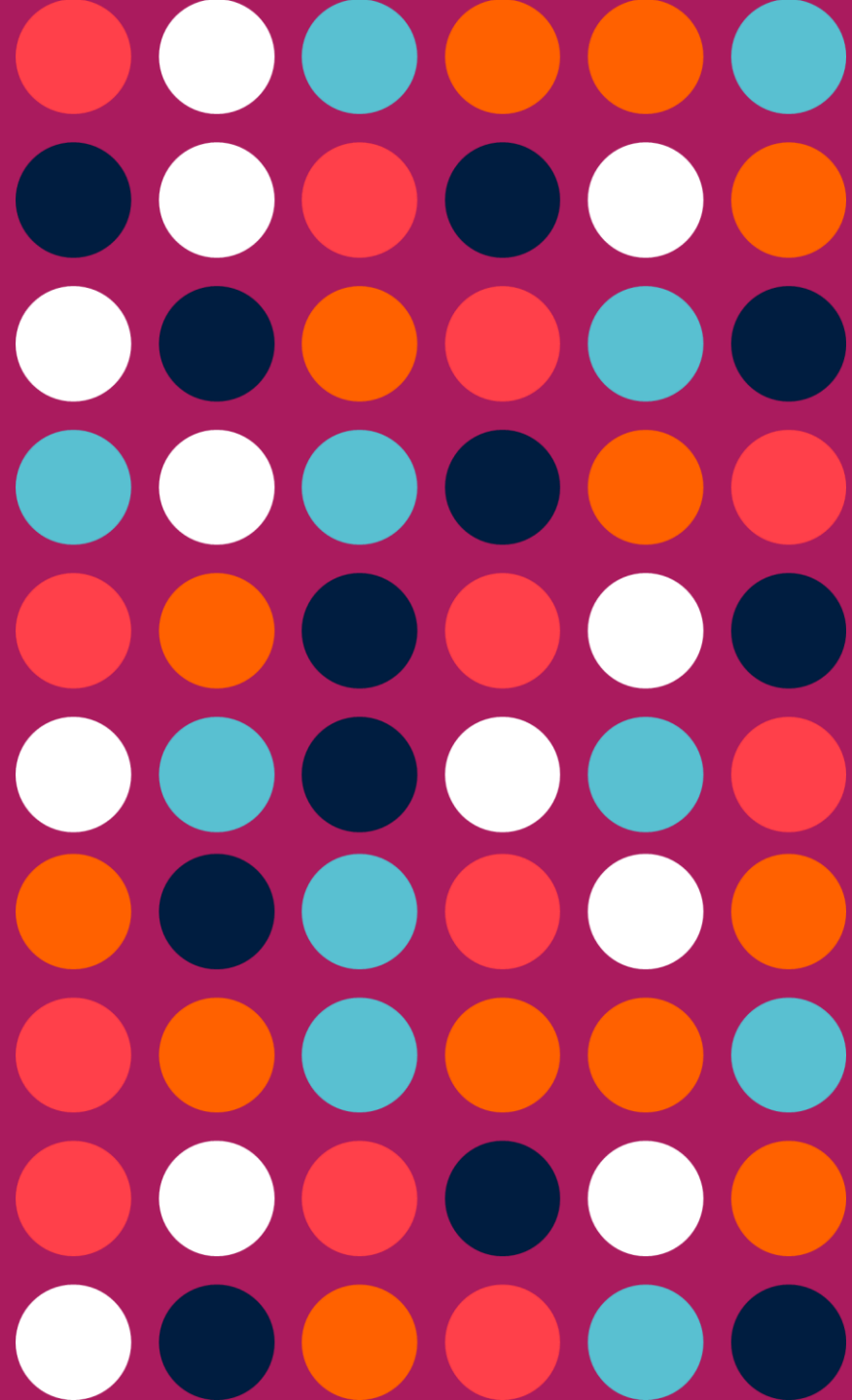


- **Takes effect July 1, 2026**
- Monthly payments are income-based:
 - Based on a sliding percentage of adjusted gross income
 - Ranges from \$120 per month to 10% of adjusted gross income
 - Any unpaid principal is deferred
 - Loan forgiveness is offered after 360 qualifying payments (30 years)
 - Payments count toward Public Service Loan Forgiveness (PSLF) eligibility
 - Matching principal reduction; the government contributes up to \$50 per month
 - Interest subsidies cover unpaid interest if the payment is too small

Income-Based Repayment (IBR) Plan

- Removes the partial financial hardship test
- Caps monthly payment at 15% of income above 150% of the poverty line
- Extended repayment beyond 10 years is allowed if needed
 - Up to 25 years depending on the loan balance
- Income verification to occur automatically using IRS data unless the borrower opts out
- Applies to all new and existing borrowers, unless specified otherwise

Tax Provisions



Charitable Giving



- **H.R. 1 permanently establishes a charitable deduction for non-itemizers** of up to \$1,000 for individuals and \$2,000 for joint filers
 - Effective for tax years beginning Jan. 1, 2026
- A **35% cap** is established on the benefit of all **itemized deductions effective** for tax years **beginning Jan. 1, 2026**
- **Taxes on qualified transportation fringe benefits and parking facilities** provided by tax-exempt organizations are **reinstated**

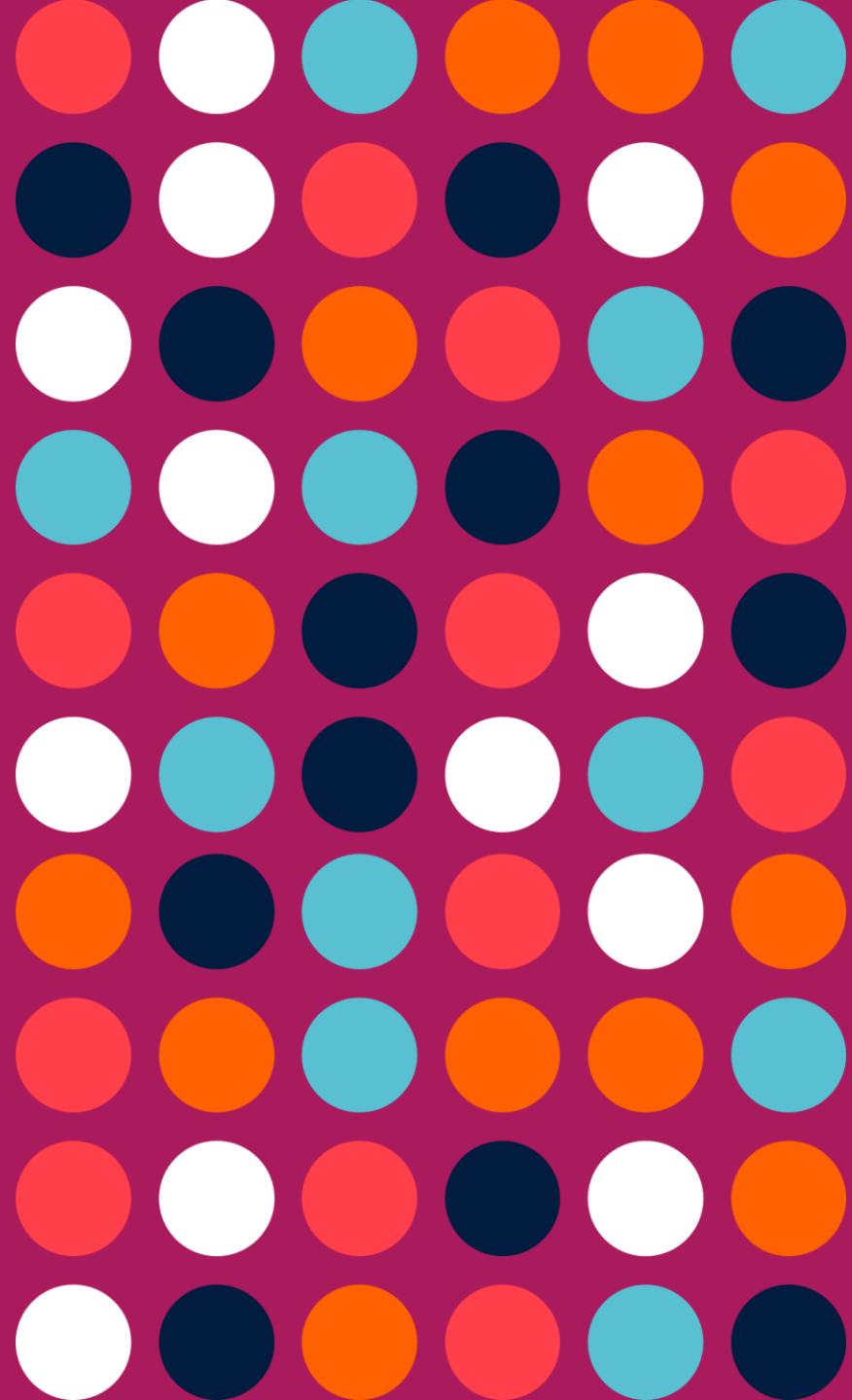
Tax Credits

- **Older Adults:** For 2025-2028, **\$6,000 deduction** for older adults who earn no more than **\$75,000 per year**, for itemizers and non-itemizers
 - The **standard deduction** will also be **temporarily increased, for 2025-2028, by \$4,000** for individuals **aged 65 and over**
- **Child Tax Credit: Increased to \$2,200 for 2025-2028** and permanently indexed for inflation, although a Social Security number is required
 - **\$1,400 refundable child tax credit, adjusted for inflation**, has been made permanent
 - The increased income phaseout threshold amounts of \$200,000 (\$400,000 in the case of a joint return) are made permanent, as well as the **\$500 nonrefundable credit for each dependent** of the taxpayer other than a qualifying child

Key Tax Credits

- **Child and Dependent Care Tax Credit:** Increased from 35% to 50% of qualifying expenses
- **Refundable Adoption Credit:** Up to \$5,000, adjusted for inflation, will become refundable
- **The Employer-Provided Child Care Credit and the Paid Family and Medical Leave Credit** have been made **permanent**
- **Low-Income Housing Tax Credit (LIHTC):** State allocation ceiling is **permanently increased by 12%**

Leveraging August Recess



August Recess

- August Recess offers Congress members a key opportunity to return to their districts and meet with constituents
- The dedicated time frame is essential to developing responsive policies as representatives meet with community members to understand their community's strengths, challenges, and concerns
- Representatives also tend to host public events throughout the month, offering additional opportunities to learn about the member's key priorities and areas of focus
- **House:** *July 25 – September 1*
- **Senate:** *August 4 – September 1*

Sample Advocacy Opportunities



- **Site Visits**

- Offer a tour of your facility
- If possible, invite representatives to participate in a program led by your organization

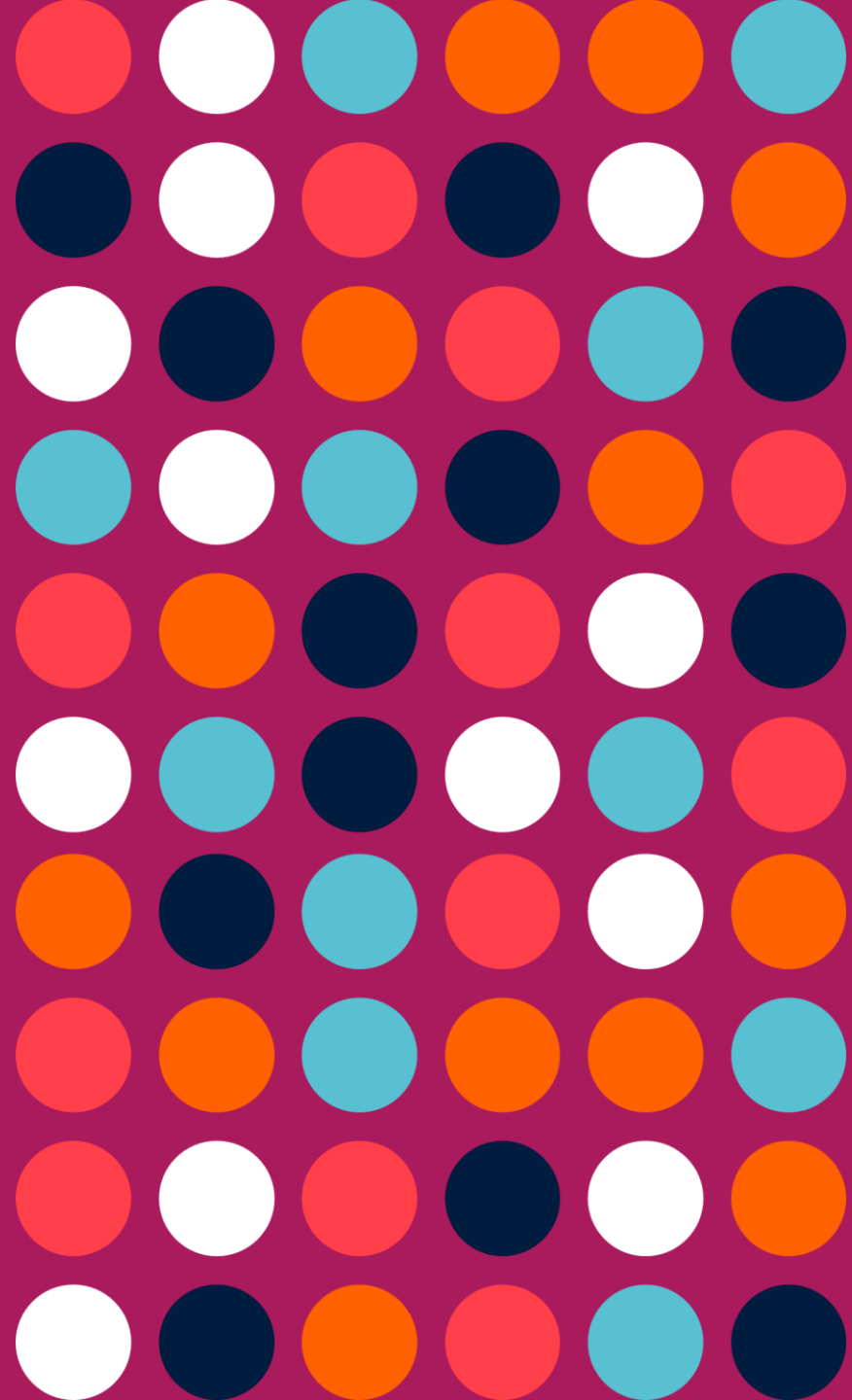
- **Organizational Events**

- Invite representatives to join an event hosted by your organization, including information fairs and picnics

- **Community Roundtables**

- When discussing critical issues that merit a deeper focus, consider inviting your representative to meet with community leaders to express shared concerns and advocate for positive action

Social Current Office of Government Affairs Offerings



Office of Government Affairs



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Advocacy &
Government
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Federal & State
Legislative
Advocacy

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Advocacy
Strategy
Development

Grassroots
Engagement
Development

Issue-Based Coalition
Building &
Management

Leadership/C-
Suite Hill Day
Logistics

Customized
Advocacy
Trainings

Advocacy Resources



H.R. 1 Resources

- <https://www.social-current.org/2025/07/social-current-releases-summaries-and-upcoming-webinar-on-h-r-1-the-federal-budget-bill/>

Policy Brief: The Growing Liability Insurance Crisis

- <https://www.social-current.org/reports/policy-brief-the-growing-liability-insurance-crisis/>

Social Current's Executive Order Tracker

- <https://www.social-current.org/wp-content/uploads/2023/04/Executive-Order-Tracker.pdf>

Subscribe to Social Current's Newsletters

- <https://www.social-current.org/subscribe-to-our-newsletters/>

Upcoming Webinars



Crafting a Powerful Story for Impactful Advocacy

July 29 at 2:00 pm - 3:00 pm EDT



Advocacy Ecosystems: Building Collective Power Across Sectors

August 26 at 2:00 pm - 3:00 pm EDT

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Questions?

