

Challenges and Opportunities for Care

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Forces that May Affect Families & Care Investments

- **State** policy and funding decisions
 - State budget context
 - State decisions on HR 1 implementation
- **Federal** actions
 - Backdrop: anti-immigrant policies and enforcement actions, fraud rhetoric
 - Possible funding disruptions in particular states
 - Appropriations

State Policy and Funding Decisions

State Budget Context

- Budget gaps even *before* HR 1 & other federal actions because of state tax cuts over last several years
- Expired COVID-era federal aid for states, localities, territories, tribes, and school districts
- State revenues no longer benefitting from the post-COVID surge

State Budget Context, cont.

- **On top of all of this, HR 1 includes significant costs to states:**
 - New requirements that will force most states to pay 5-15% of SNAP benefit costs (effective 10/2027 in most states)
 - Cuts to federal SNAP administrative funding (10/2026) + higher admin costs for expanded work reporting requirements (already effective)
 - Restrictions on Medicaid financing mechanism called “provider tax” (some limits already in place, some phase in starting 10/2027), cuts to emergency Medicaid in expansion states (10/2026)
 - Higher Medicaid administrative costs from work requirements and more frequent eligibility reviews (added admin costs now, work requirements in place by 1/2027)
 - Downstream costs from more uninsured, more people without food assistance
- **Other federal actions aren’t helping either:**
 - Funding uncertainty, cuts in appropriated programs, disaster aid

What could these pressures mean for state policy decisions affecting families, access to care, and care workers?

- **Food Assistance**

- Some states could *end SNAP altogether*
 - Would affect children, seniors, people with disabilities, care workers
- States could add new access barriers to reduce caseloads and costs in SNAP
 - *Cost-share depends on error rate, and some access barriers could lower measured error rate*
 - *Lower caseloads = lower benefit costs for state to absorb*
- States could try to lower costs by not taking steps to mitigate caseload decline due to expanded work reporting requirements (affecting people with disabilities, people with older children, older adults 55-64, child care/home care workers)

What could these pressures mean...

- **Health coverage**

- States could try to save money by not taking steps to mitigate caseload decline due to work reporting requirements
 - *Work req'ts affect adults in the Medicaid expansion who don't have children under 14, including older adults and people with disabilities & child care/home care workers*
- States could add access barriers to reduce caseloads and lower state costs
 - *States pay between 10-50% of cost of providing Medicaid to an individual, access barriers can lower caseloads and costs*
 - *Access barriers could affect broad swath of Medicaid population*
- States could lower provider payments, affecting care workers and access to care for beneficiaries (on top of lower “state directed payments”)

Budget Pressures & State Care Investments

- Budget pressures could reduce funding for:
 - Child care/preK
 - Services for older adults and people with disabilities within and outside of Medicaid
 - Early intervention
 - Home visiting, etc.

Reduced funding or unwillingness to invest can lower child care/home care wages and job opportunities.

Opportunities for both defense and offense

- States are facing hard questions about their budgets, but that can lead to conversations about priorities and needs
- We want states to adopt an approach that...
 - **Champions a revenue-first policy** response prioritizing progressive revenue-raising over harmful cuts
 - **Rejects a cuts-first reaction** to federal rollbacks — especially in rushed special sessions
 - **Pauses or reverses recent state tax cuts** that benefit the wealthy
 - **Guards against costly state-federal tax linkages** through careful conformity choices (wonky but important!)

Opportunities for both defense and offense

- **Coming together on revenues...**
 - Allows advocates and communities to work together across issues – families and child care/home care workers need SNAP and Medicaid to be strong and direct investment in care
 - Allows policy groups and communities to tell a broader story about budget priorities

Federal Actions That Could Affect Care

- Further anti-immigrant policies – enforcement, programmatic, funding threats
 - *Affecting program participants & their families*
 - *Affecting many child care/home care workers*
- Administration demagoguing fraud (often intertwined with anti-immigrant rhetoric) and potentially imposing onerous requirements (could happen in many programs)
- Politicized, unlawful funding freezes
 - *Part of anti-immigrant push or “fraud” push*
- Rules around care programs (child care, Head Start, Medicaid, etc.)
- Appropriations

Action Steps

- **Mitigating harm** through state actions is important – real lives are at stake
- **Documenting harm** that occurs is critical to build the case for reversing harm/proactive agenda
- **State revenue and budget priority debates are not one-and-done** – they need long-term investment
 - Success requires budget/tax policy expertise *and* care expertise *and* community engagement *and* storytelling *and* service providers
- **We can't ignore the federal fights**
 - Push back against federal actions that are unlawful *and* unwise
 - Continue to work on building case for reversing harm and forward progress
 - Important everywhere, but especially in low-investment states