The "One Big Beautiful Bill":

How H.R. 1 Is Impacting Community Action at Every Level

Community Action Partnership
AMERICA'S POVERTY FIGHTING NETWORK

AGENDA

- **Welcome & Framing: *This Is a Bill About Money***
- **Follow the Money: Understanding H.R. 1**
- **What Changed for People & Communities with Low-Incomes**
- **Spotlight**
  - **SNAP – When Federal Savings Become State Choices**
  - **Trump Accounts – Building a New Benefit**
  - **Rural Health Transformation – Policy Meets Politics**
- **From Federal Scorecard to Community Reality**
- **What to Watch & Discussion**

Sec 1. The Promise of Community Action.

(a) Community Action:

1) Changes people's lives;
2) Embodies the spirit of hope;
3) Improves communities; and
4) Makes America a better place to live.

(b) We care about the entire community; and

(c) We are dedicated to helping people help themselves and each other.

“I wish it need not have happened in my time," said Frodo.
"So do I," said Gandalf, "and so do all who live to see such times. But that is not for them to decide. All we have to decide is what to do with the time that is given us.”

— **J.R.R. Tolkien, The Fellowship of the Ring**

“A process cannot be understood by stopping it. Understanding must move with the flow of the process, must join it and flow with it.”

— **Frank Herbert, Dune**

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This Is A Bill About Money

This Is A Bill About Money

Federal budget decisions shape…

Where **resources** go.

What **programs provide**.

What people **must do** to access them.

Who bears the **cost**.

How We'll Follow the Money

	Federal Choices	States & Systems	Households & Communities
	What changed in the law?	What choices do states face and what needs to change?	What does this mean for benefits, services, and delivery systems?
For Example	States must cover more of SNAP's costs.	A state could reduce funding for another program to help cover those costs.	Families could see changes in benefits and services, while local organizations adjust what they offer.

Community Action

What does this mean for us? And how do we respond?

Follow the Money: Understanding H.R. 1

Reconcilable Differences

Budget Reconciliation: Optional expedited process Congress can use to ***reconcile*** revenue and entitlement levels with current budget goals.

Reconciliation can *ONLY* address 3 things:

1. **Entitlement spending** (*e.g.*, Medicare, Medicaid, etc.)
2. **Tax Policy**
3. **Debt Limit**

Provisos:

- NO changes to Social Security allowed.
- Simple-majority Senate passage; no filibuster
- Cannot increase deficits outside the budget window in the budget resolution.
- Byrd Rule Restrictions: Provisions *must* be budget related.

What Was Congress Trying to Do?

POLITICO

CONGRESS

Johnson tells House Republicans that Trump wants one 'big beautiful' reconciliation package

Trump's decision is a win for House Ways & Means Chair Jason Smith.

Speaker Mike Johnson's message came as Republicans are meeting behind closed doors at Fort McNair to map out their strategy for passing a sweeping border, tax and energy package that will be the heart of their legislative agenda. | Francis Chung/POLITICO

By DANIELLA DIAZ, MEREDITH LEE HILL and JORDAIN CARNEY
01/04/2025 12:41 PM EST | Updated: 01/04/2025 05:04 PM EST

Preserve and expand the 2017 tax cuts.

- Fund the majority's other priorities.
- Find agreement on spending cuts and other "pay-fors."
- Use reconciliation to avoid a Senate filibuster.

The Big Picture: Where the Money Goes

Spending cuts & reduced tax incentives

Medicaid

SNAP

Student Loans

Renewable Energy

Tax cuts & spending increases

Tax Cuts

Immigration Enforcement

Defense

Debt Limit
Room to borrow

The Big Picture: How the Package is Financed

LESS MONEY OUT

$1.1 Trillion less

in federal spending

LESS MONEY IN

$4.5 Trillion less

in federal revenue

$3.4 Trillion

Added to deficits over 10 years*

**2025–2034 · Excludes additional interest costs and macroeconomic effects (Source: CBO, July 2025)*

Changes for People & Communities with Low Incomes

H.R. 1 at a Glance

Health & Nutrition

- Medicaid eligibility and reporting changes
- SNAP work rules and state cost sharing
- ACA coverage and marketplace changes

Education

- New student-loan borrowing rules and repayment structure
- Higher-education eligibility and accountability provisions

Defense & Other Federal Priorities

- Increased defense and national-security spending
- $5 trillion increase in the debt limit

Taxes & Family Finances

- Extension of the 2017 tax provisions
- New and expanded tax deductions
- Changes affecting families and household finances

Immigration & Border Enforcement

- Funding for enforcement, detention, border infrastructure and personnel
- Immigration-related eligibility and fee changes

Energy & Climate

- Phaseout household and business clean energy incentives
- Expanded support for conventional energy development

Health & Nutrition

Medicaid

- Work or community-engagement requirement for certain adults
- More frequent renewals and eligibility verification
- New limits on state financing and provider payments

ACA Marketplace

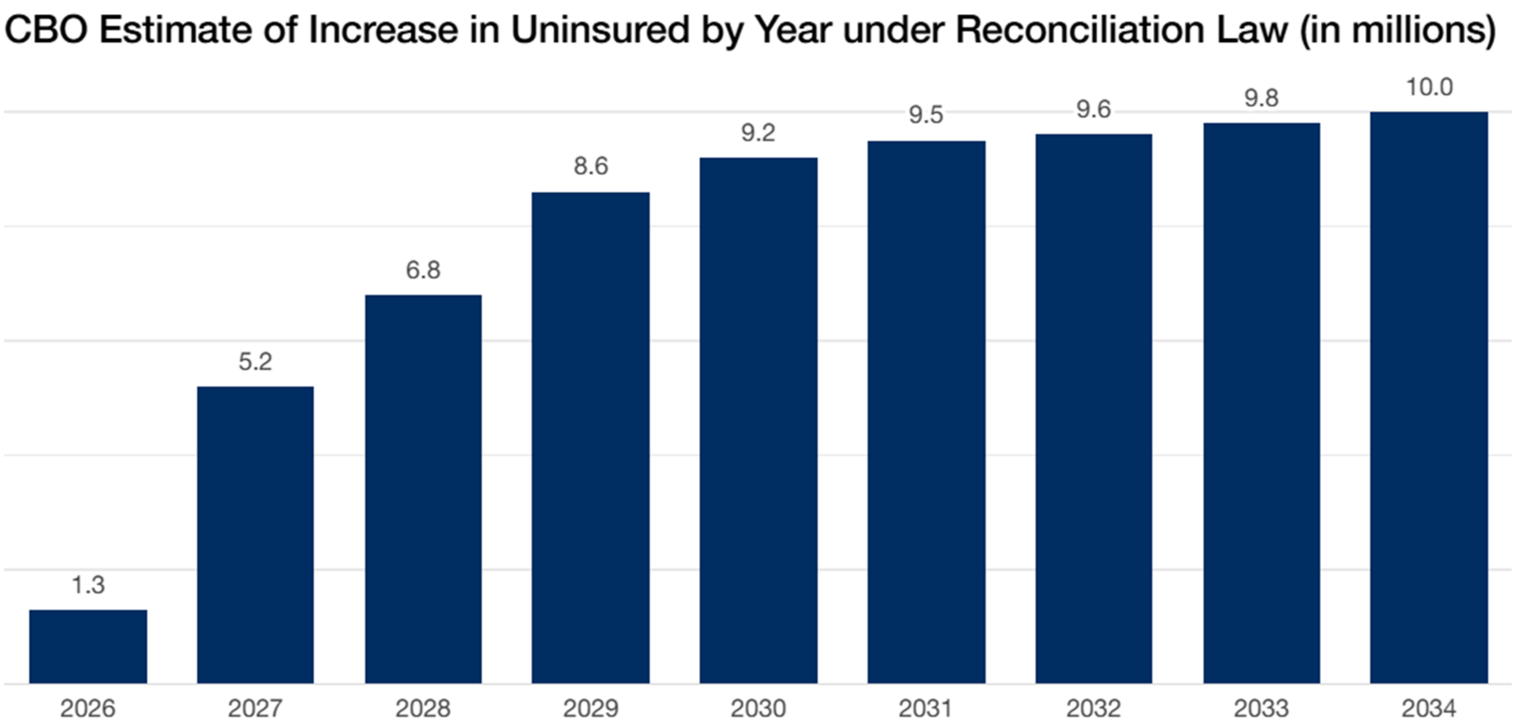
- Stricter enrollment and eligibility verification
- Premium-tax-credit eligibility narrowed for some groups
- Less protection from repayment of excess advance credits

SNAP

- Work rules expanded to more adults and parents
- Eligibility narrowed for certain lawfully present immigrants
- States take on more administrative costs and potential benefit costs tied to error rates

Also included: $50 billion Rural Health Transformation Program

Coverage Effects Unfold Over Time



Source: Georgetown University Center for Children and Families analysis of the Congressional Budget Office's "Distributional Effects of Public Law 119-21" (August 2025).

Georgetown University McCourt School of Public Policy CENTER FOR CHILDREN AND FAMILIES

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Taxes, Family & Economic Security

2017 Tax Provisions

- Individual tax rates and larger standard deduction made permanent
- Child Tax Credit increased and indexed for inflation
- Business and estate-tax provisions extended or expanded

Temporary Deductions

- Qualified tips and overtime pay
- Interest on certain new, U.S.-assembled vehicles
- Additional deduction for adults age 65 and older

Families & Savings

- New $1,000 Trump Accounts for eligible newborns
- Expanded employer support for child care
- Changes to dependent-care and adoption tax benefits

The effects vary considerably by income, employment, age, and family circumstances.

H.R. 1 – Immigration & Defense

Immigration

- Authorizes around $170 billion for enforcement and border operations.
- Increases ICE funding to over $100 billion by 2029.
  - FY25 ICE Appropriation: $10 billion
- Funds expansion toward roughly 100,000 detention beds and hiring of 10,000 ICE officers
- Establishes a $100 annual asylum application fee.
- Federal Medicaid and CHIP eligibility narrowed for many lawfully present immigrants beginning October 1, 2026

Defense

- $150 billion total for defense modernization, industrial capacity, and service member support.
- $34 billion for shipbuilding to expand the naval fleet.
- $13 billion for nuclear modernization and deterrence upgrades.
- $21 billion to munitions production, depot capacity, and readiness.
- $11 billion in Pacific deterrence and $7 billion in air superiority programs.

H.R. 1 – Student Loans & Renewable Energy

Student Loans

- Pauses implementation of Biden-era borrower protections.
- Caps graduate unsubsidized loans at $20,500/year and $100,000 lifetime.
- Limits professional degree loans and Eliminates Grad PLUS for most new borrowers beginning July 1, 2026.
- Sets a lifetime loan cap at $257,000 per borrower.
  - Graduate: $20,500 annually; $100,000 total
  - Professional: $50,000 annually; $200,000 total
- Overhauls income-driven repayment programs.

Renewable Energy

- Accelerates phase-out of wind and solar tax credits, ending eligibility for most projects after 2027.
- Preserves credits for newer technologies like battery storage and carbon capture.
- Disqualifies projects with Chinese government ownership or critical component sourcing.
- Residential clean-energy credit ended for expenditures after December 31, 2025.
- Clean-vehicle credits for vehicles acquired after September 30, 2025.
- Forces developers to speed up projects or risk losing tax benefits under tighter deadlines.

H.R. 1 Impact on Community Action

CAA

Customers & Service Delivery

- Tax and eligibility changes require proactive outreach
- Immigration enforcement may deter eligible families from seeking help
- Energy-credit changes affect home, appliance, and vehicle decisions

Programs & Partnerships

- Funding pressures heighten the need for broader coalitions
- Complex rules require stronger legal and referral networks
- Workforce Pell opens short-term training partnerships

Workforce & HR

- Marketplace changes may disrupt some employees' coverage
- Medicaid renewals may affect lower-wage and part-time staff
- Student-loan changes affect employees and the workforce pipeline

Governance & Finance

- Staggered implementation requires multiyear scenario planning
- Charitable-giving rules may shift donor behavior
- Housing credits and Opportunity Zones expand financing options

From Enactment to Implementation

Federal Administration

Agencies interpret the law, issue guidance, establish deadlines, and build reporting requirements.

State Decisions

States make permitted policy choices, revise budgets and systems, and determine implementation priorities.

Organizational Change

Programs, employers, and partners adjust staffing, technology, workflows, communications, and compliance practices.

Household Experience

People encounter new eligibility rules, documentation, costs, benefits, and opportunities.

The same federal provision can produce different outcomes depending on the decisions and systems between enactment and experience.

Spotlight: SNAP

When Federal Savings Become State Choices

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$187 Billion

Less federal SNAP spending projected over 2025–2034

Household Eligibility
- Expanded work-reporting rules
- Narrower noncitizen eligibility

Benefit Calculation
- Restricted future benefit updates
- Reduced shelter and utility deductions

Administrative Financing
- States' share rises from 50% to 75%

Benefit Financing
- New state contribution tied to payment error rates

The Federal-State Financing Shift

FY24 High: Alaska — **24.66%**
FY24 Low: South Dakota — **3.28%**

FY27 SNAP Admin Costs

State: 50% → 75%

Federal: 50% → 25%

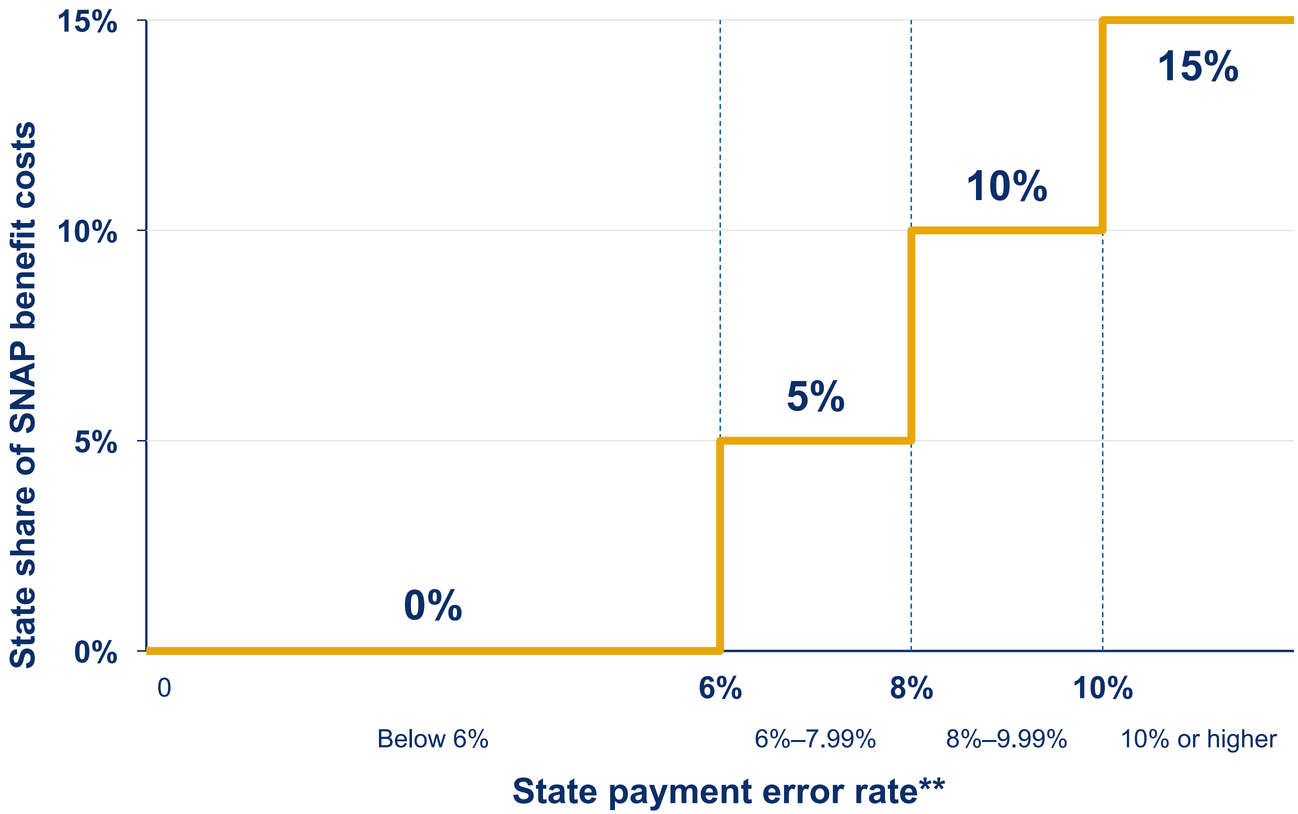
FY28 SNAP Benefit Costs*

State: 0% → 0-15%

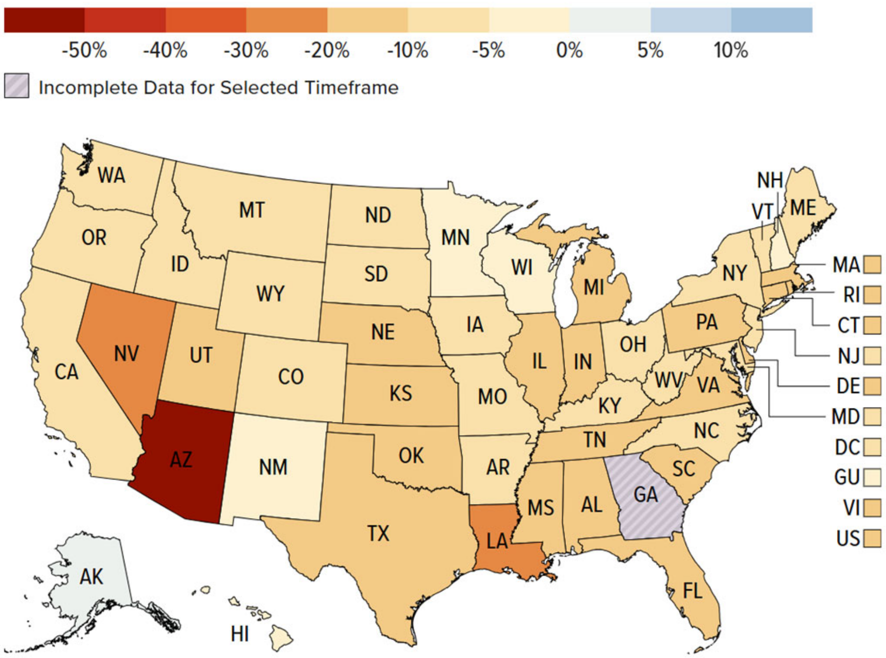
Federal: 100% → 85-100%

**State share depends on the SNAP payment error rate; qualifying high-error states receive a temporary delay.*

***Payment errors are not just fraud and include both overpayments and underpayments.*



SNAP Participation Is Already Falling



Source: CBPP calculations from USDA and state program data

About 5 million fewer people
participating in SNAP

12% decline nationwide
July 2025 – May 2026

Why participation may be falling

- **Federal rules:** Expanded work requirements and narrower eligibility
- **State administration:** More verification and pressure to reduce payment errors

The administration's interpretation: the decline is proof of less fraud and a stronger economy. But SNAP participation is not a measure of hunger.

Federal Rules Create Different State Choices

H.R. 1 shifts SNAP costs and financial risk to states

New administrative expenses and potential benefit costs

- **Add state funding for SNAP**
- **Invest in staffing and systems to reduce errors**
- **Reduce other spending or raise revenue**
- **Restrict access, seek program changes, or reconsider participation**

Different choices produce different consequences for SNAP access, processing, other state services, and unmet need.

Implementation Is Staggered – and Still Being Negotiated

2025	FY2027	FY2028	FY2029–30
Work and eligibility changes begin	**States assume 75% of administrative costs**	**Benefit cost sharing begins for most states**	Temporary state delays expire

Congress Is Still Debating the Implementation Timeline

- States and advocates seek a two-year delay for all states
- The Senate Farm Bill proposed a one-year delay
- That proposal left the administrative-cost shift unchanged and did not advance

What Community Action Could See – and Do!

CAAs may see		CAAs can
Confusion about new eligibility rules and exemptions	→	**Update outreach and train frontline staff**
Difficulty documenting work activities or exemptions	→	**Build referral and documentation-support pathways**
Lost applications, unreachable offices and unexpected case closures	→	**Help customers preserve records and connect to appeals or legal aid**
SNAP losses spilling into utility, housing and emergency needs	→	**Monitor demand across programs and strengthen referrals**
State budget and implementation tradeoffs	→	**Build coalitions and inform state decisions with local evidence**

CAAs connect household experiences to system-level implementation.

Spotlight: Trump Accounts

Building a New Benefit

Trump Accounts: How They Work

Any child under 18 with an SSN can have an account – but only the 2025–2028 birth cohort qualifies for the federal $1,000.

1 → 2 → 3 → 4

1. Open account

An authorized adult makes the election

2. One-time $1,000 pilot deposit

For eligible U.S.-citizen children born 2025–2028; *Election required*

3. Invest and grow

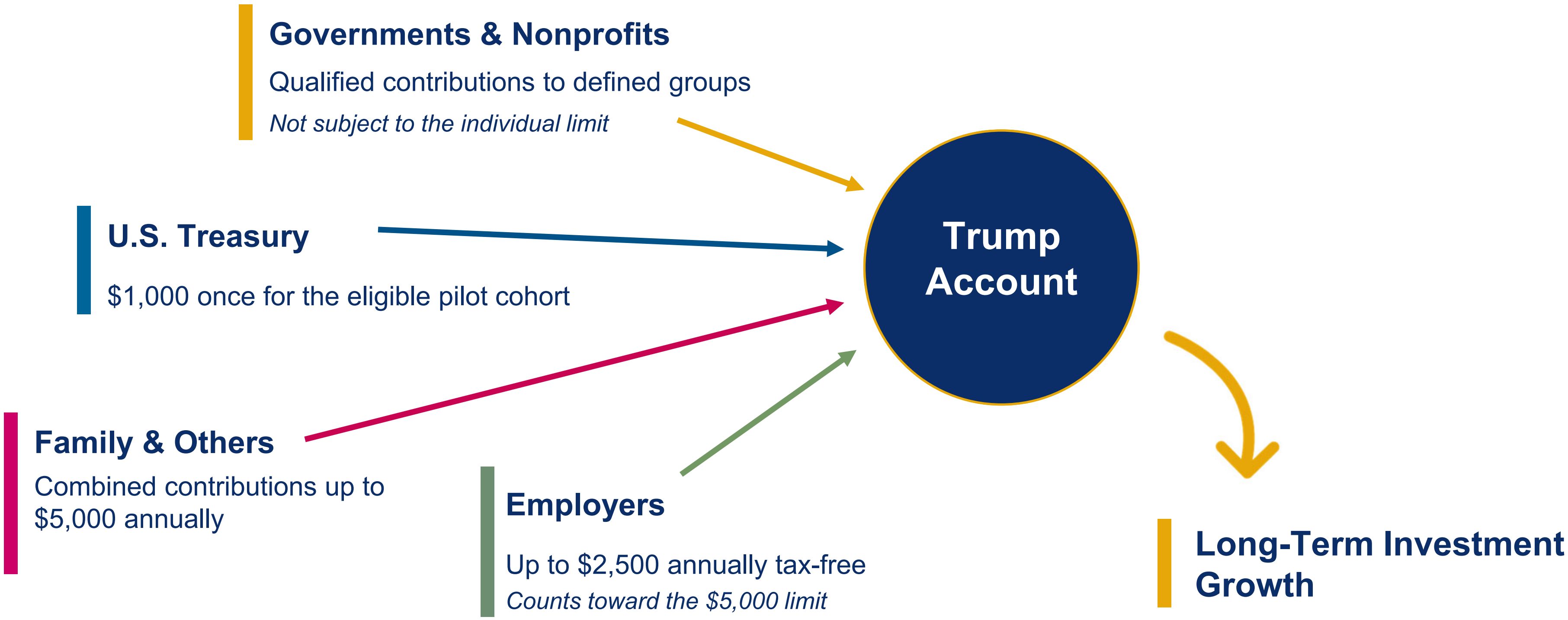
Broad U.S. stock-market index

No withdrawals before age 18

4. Beginning at 18

Traditional IRA rules apply

Several Sources Can Build The Account



The account provides a platform; its balance depends on which funding streams reach the child.

Eligibility Does Not Guarantee Equal Participation

Eligible Children → Awareness → Enrollment → Contributions → Balance at 18

KNOW ABOUT IT
Awareness is lowest among many families who could benefit most

OPEN IT
A guardian must complete the election and activate the account

BUILD IT
Additional contributions depend on family resources, employers and funders

No withdrawals before age 18

Eligibility creates the opportunity. Outreach, enrollment and contributions shape who benefits.

CAAs:

Awareness → Reach families through VITA, Head Start and family services
Enrollment → Help families navigate the election and activation process
Contributions → Connect employers, funders and public partners with opportunities
Account continuity → Reinforce recordkeeping, scam prevention and financial education

What Could The Account Become?

Balances at 18

- Federal $1,000 only → appx $3,400
- Plus $250 annually → appx $12,500
- Plus $1,000 annually → appx $40,000

Illustrative balances assume a 7% annual return; actual returns are not guaranteed.

Contributions determine what accumulates; withdrawal rules determine how much is available to use.

Access Rules

- **Before 18:** locked - no ordinary or hardship withdrawals
- **After 18:** withdrawals permitted for any purpose; tax treatment varies
- **Starting at 18:** traditional IRA rules
- **Withdrawals 18-59 ½:** income tax + additional 10% (taxable share adds to AGI)
- **Education or first home:** 10% waived; income tax remains

Can Trump Accounts Reduce Poverty?

Potential

- Creates a long-term asset beginning in childhood
- Provides access to low-cost stock-market growth
- Prior child-account programs increased savings and future expectations

Limitations

- Locked funds do not address poverty before age 18
- Additional contributions depend heavily on family, employer and donor resources
- Enrollment barriers may reduce participation among families positioned to gain most

Evidence favors automatic enrollment and larger, progressively targeted public contributions.

Spotlight: Rural Health Transformation

Policy Meets Politics

Rural Health: The Medicaid Context

Estimated $137 Billion

Less in federal Medicaid spending over 10 years

$50 Billion

More in temporary rural-health grants over 5 years

H.R. 1 reduces ongoing Medicaid funding while creating a smaller, time-limited transformation fund.

What Can $50 Billion Do?

$50 Billion

$10B/year

FY26-FY30

States may use the funding to:

- **Expand access** to primary, maternal and behavioral health care
- **Recruit, train and retain** the rural health workforce
- **Support** rural hospitals, clinics, EMS and other providers
- **Expand telehealth**, remote monitoring and health technology
- **Develop regional partnerships** and new care-delivery models
- **Strengthen prevention** and chronic-disease management

All 50 states received awards; states determine how funding is awarded to initiatives and partners.

The Formula Is Only Partly Need-Based

50% · Equal Baseline Funding	25% · Rural Health Needs & Conditions	25% · State Policies, Plans & Implementation
$25 billion	$12.5 billion	$12.5 billion
$500 million per state over five years	**Rural population and facilities** Uncompensated care, frontier areas and land mass	**State initiatives and implementation progress** Policy commitments and other CMS factors

Awards are not determined solely by rural population, Medicaid losses, or provider need.

From Funding to Community Access

Michigan

State award → Multiple CAAs → Chronic-disease collaborative care

Multiple Michigan CAAs received direct awards, including Northeast Michigan Community Service Agency and Northwest Michigan Community Action Agency.

Oklahoma

State award → LIFT Community Action Agency → Accessible fitness space

Serving low-income residents and people with limited access to exercise facilities.

Iowa

State plan → CAA network → Implementation and evaluation

CAAs will help assess rural needs, implement strategies and monitor results.

Missouri

State award → Regional health hub → CAA partnership

Central Missouri Community Action is participating in a ToRCH Care hub led by Arthur Center Community Health, connecting healthcare providers with community and social-service partners.

CAA roles already include direct projects, collaborative care, community infrastructure, needs assessment and implementation.

From Federal Scorecard to Community Reality

Three Stories, One Pattern

CAA engagement through outreach, partnerships and service delivery will be crucial to how these federal policies affect communities.

Spotlight	Federal design	Implementation task	What shapes the community outcome
SNAP	**Reduce federal costs**	Change an established benefits system	State budget choices, systems, staffing and administration
Trump Accounts	**Encourage asset building**	Make a new benefit usable	Outreach, enrollment, outside contributions and families' ability to contribute
Rural Health Transformation	**Offset the rural effects of Medicaid reductions**	Turn temporary funding into services	State priorities, local awards, partnerships and sustainability

One Household, Multiple Systems

Households experience program changes across connected systems, not one policy at a time.

Income and Taxes
Credits, deductions and tax filing

Health Coverage
Medicaid and Marketplace eligibility

Education and Work
Student loans and workforce pathways

Household

Food Assistance
SNAP rules and documentation

Savings and Assets
Trump Accounts and household contributions

Follow the Money → Follow the Cost

Understanding the impact requires tracking federal savings *and* where the costs reappear.

Federal Policy
Rules and financing change

State Choices
Budgets, systems and administration adjust

Organizations and Providers
Staffing, capacity and coordination absorb pressure

Households
Benefits, access, time and expenses change

The cost may reappear as

- State or local spending
- Administrative burden
- Provider strain
- Household expense
- Unmet community need

Reduced Spending ≠ Reduced Need

LOWER FEDERAL SPENDING

≠

LOWER COMMUNITY NEED

Program participation may fall while need remains, shifts or grows.

Community Action sees the needs that remain after federal assistance falls.

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What to Watch, Questions & Discussion

What Happens Next & What We're Watching

The current statutory timeline is set, but implementation decisions can still change how and when communities experience the law.

October 1, 2026

FY 2027 begins

States assume **75%** of SNAP administrative costs

January 1, 2027

Medicaid work and community-engagement requirements take effect in most states

Six-month Medicaid eligibility reviews begin for expansion adults

October 1, 2027

FY 2028 begins

SNAP benefit cost sharing begins for most states

Some states receive temporary delays

2028–2030

Temporary tips, overtime and auto-interest deductions run through tax year 2028

RHT funding continues through FY 2030

SNAP cost-sharing delays expire in FY 2029 or FY 2030

What We're Watching

- Congressional proposals to delay or revise SNAP changes
- Agency guidance, litigation and state implementation choices
- Participation, coverage, service demand and local evidence of unmet need

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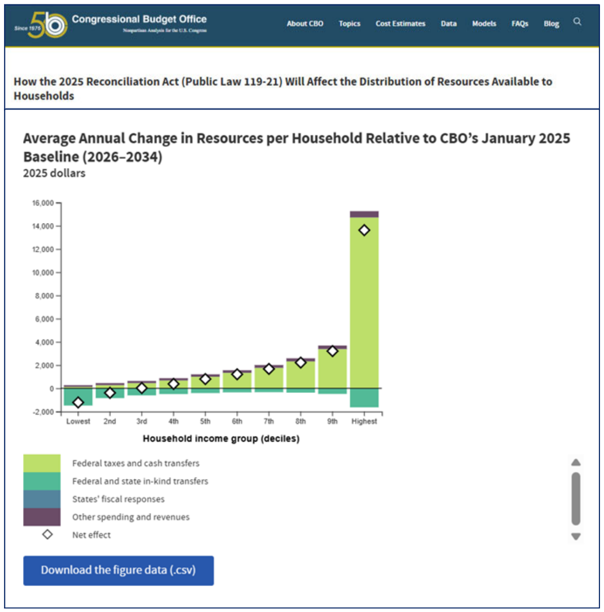
Implementation Resources



Explore how the law affects households at different income levels

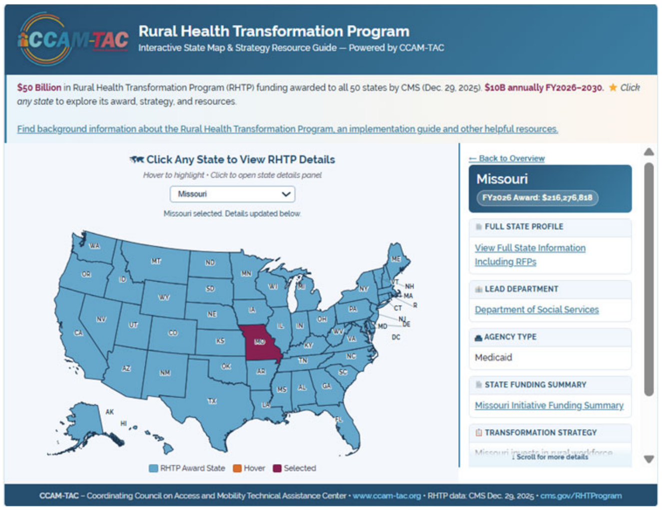
Overall Implementation

- CAP: H.R. 1 Implementation Timeline
- CBPP: H.R. 1 Implementation Timeline
- CBO: Distributional Effects Interactive

Federal Program Guidance

- Medicaid.gov: H.R. 1 Implementation Hub
- CMS: Medicaid Community Engagement Resources
- USDA: SNAP Implementation Resources
- IRS: Working Families Tax Cuts Resource Hub
- IRS: Trump Accounts Resource Hub

State & Community Resources



Explore state plans, investments and implementation activity

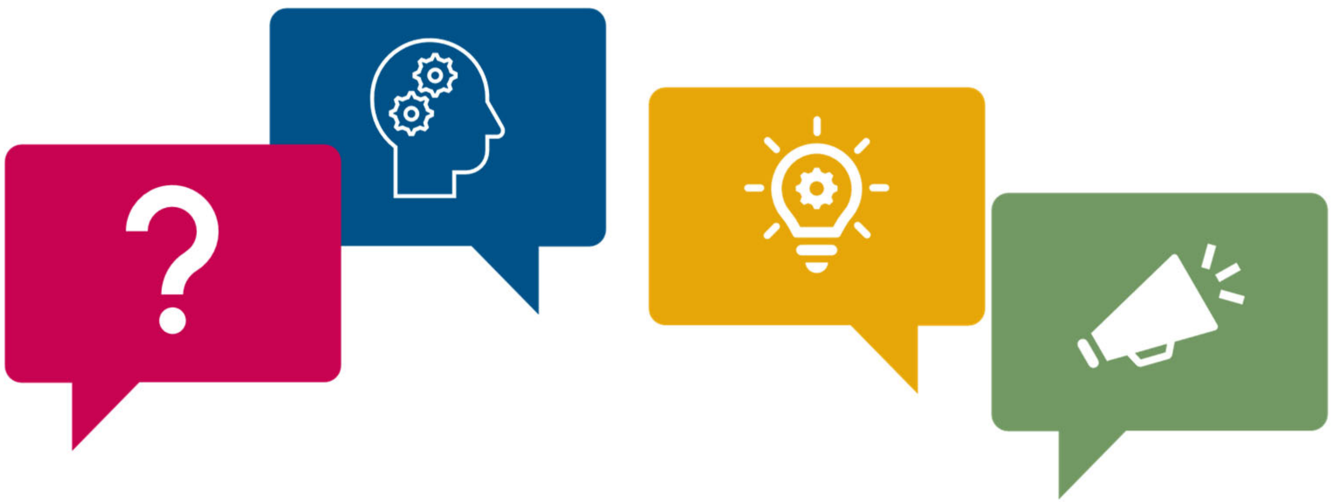
State Implementation Tools

- FRAC: SNAP Cuts Mitigation Hub
- Pew: State Choices Under the SNAP Cost Shift
- FRAC: State SNAP Cost-Shift Table
- CCAM-TAC: Rural Health Transformation Interactive Map
- CCAM-TAC: Rural Health Transformation Toolkit

Household & Community Impacts

- CBPP: SNAP Participation Tracker and Analysis
- RAND: Health and Coverage Effects
- NILC: Immigrant Eligibility and Access Changes
- NWLC: Family Hunger and State Impacts

What Are You Seeing?



Get in Touch!

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