Federal Policies Under the Trump Administration

**Affordable Care Act**
President-elect Donald Trump and Republican congressional leaders are unified in their pledge to repeal the Affordable Care Act. However, the development and timeline for a replacement policy are both uncertain. House Speaker Paul Ryan (R-WI) told CBS News that a repeal could come as early as January 2017; however he did not state any details. House Majority Leader Kevin McCarthy (R-CA) and Senator John Cornyn (R-TX) indicated that repeal could come before replacement, and that a replacement policy could take years to develop. According to Trump’s 100 day action plan, he will “Fully repeal Obamacare and replaces it with Health Savings Accounts, the ability to purchase health insurance across state lines, and lets states manage Medicaid funds.” Representative Tom Price (R-GA), who President-elect Trump selected to lead the Department of Health and Human Services, previously issued a health care proposal that called for Americans to receive a tax credit to purchase private health insurance.

**Medicaid**
In his health care position paper, President-elect Trump called for block granting Medicaid to the states. He did not provide specific details. Nonetheless, block granting Medicaid would essentially cap the amount of federal funds available to states and leave them to pick up the balance. The Medicaid portion of Speaker Ryan’s Better Way agenda also proposed block granting Medicaid, but did not provide details. However, the Better Way report proposes using a “per capita allotment,” which would set new eligibility criteria for Medicaid consumers. According to an analysis from the Commonwealth Fund, both Trump and Ryan’s “current proposals for dramatically reducing federal spending on Medicaid would achieve this goal by creating fixed-funding formulas divorced from the actual costs of providing care. As such, they would create funding gaps for states to either absorb or, more likely, offset through new limits placed on their programs. As a result, block-granting Medicaid or instituting ‘per capita caps’ would most likely reduce the number of Americans eligible for Medicaid and narrow coverage for remaining enrollees.”

**Medicare**
There is a significant gap separating President-elect Trump and Speaker Ryan on Medicare. According to The Hill, “Trump said repeatedly during the campaign that he wanted to protect Medicare, not overhaul it.” In contrast, Ryan wants to implement “premium support,” which would provide seniors with a subsidy to purchase private insurance. Bloomberg reported that there is significant unease among Senate Republicans for implementing Ryan’s “premium support” reform for Medicare. Representative Price also supports Speaker Ryan’s “premium support” plan.

**Tax Reform and Charitable Giving**
President-elect Trump included tax reform would be a part of his 100 day action plan and his selection for Treasury Secretary, Steven Mnuchin, indicated that tax reform would be a “first priority.” In its analysis, the Tax Policy Center wrote that President-elect Trump’s tax plan “would reduce the tax benefits of charitable giving in three ways.” His plan would increase the after tax cost of giving; raise the standard deduction, which reduces the incentive to seek donations to itemize; and cap itemized deductions to $100,000 for single filers and $200,000 for joint filers. Speaker Ryan’s Better Way plan lauds charitable giving and states that “The Committee on Ways and Means will develop options to
ensure the tax code continues to encourage donations, while simplifying compliance and record-keeping and making the tax benefit effective and efficient.”

Johnson Amendment Repeal

The Johnson Amendment is language contained in Section 501(c)(3) of the Internal Revenue Code that states any organization exempted by the section “does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.” According to the Nonprofit Quarterly, “The prohibition on political campaign intervention has been broadly interpreted by the Internal Revenue Service and applies to all organizations exempt under Section 501(c)(3), including churches and other religious institutions.” Both President-elect Trump and the Republican Party’s platform expressed support for repealing the Johnson Amendment, which would enable exempt organizations to intervene in campaigns.

Fair Labor Standards Act Changes

On November 22nd, a Federal District Court judge in Texas granted a preliminary injunction to delay the December 1st implementation of the Obama Administration’s proposed changes to the Fair Labor Standards Act. The Department of Labor has appealed the injunction, but the pace and outcome of the appeals process are uncertain at this time. According to the Society for Human Resource Management (SHRM), “Employers should stick with whatever course of action they already decided to take at this point [in response to the delay], whether they opted to wait and see what happens to the rule or to roll forward with changes for employee-morale reasons or other purposes.” If the Department of Labor’s appeal is not resolved before January 20, 2017, the Trump Administration will have to decide whether to continue with the appeal or drop it. If it drops the appeal, the regulations are dead.

Pennsylvania’s FY 2017-2018 Budget

FY 2017-2018 Budget

According to the Independent Fiscal Office’s latest report, Pennsylvania is likely to be short $500 million for FY 2016-2017 and potentially faces a $1.7 billion structural deficit impacting the FY 2017-2018 budget. If the state does not address its current structural deficit, the IFO estimates that it could reach $2.7 billion for FY 2020-2021. The most significant budget cost drivers are Pennsylvania’s pension fund and mandated spending for human services. Because of this, legislators not only have the responsibility to pass an on-time budget, but they need to pass it along with sufficient new revenues to keep up with the rising costs. However, the state’s emerging political dynamics will be a factor. Democratic Governor Tom Wolf will be preparing for his reelection campaign while Republicans will hold a veto-proof supermajority in the Senate and a significant majority in the House. This political dynamic heightens the prospect for another budget impasse over the key issues of revenue and pension reform.

Emerging Human Resource Policy Issues

Minimum Wage

Federal Level: President-elect Trump was inconsistent on whether or not to raise the minimum wage during the campaign. However, Andrew Puszer, his selection to lead the Department of Labor, is a staunch opponent of raising the minimum wage. Speaker Ryan also opposes raising the minimum wage.
State Level: Governor Wolf continues to support increasing the minimum wage to $10.10 as part of his “Jobs that Pay” platform plank. He could issue additional executive orders raising the minimum wage for contracts that the state has control over.

Local Level: Pennsylvania’s municipalities are unable to legislate the minimum wage, but they can express support for the policy through PR campaigns, such as Pittsburgh’s advertising campaign recognizing employers that pay higher wages. The city of Pittsburgh also raised its minimum wage for city employees to $15 per hour by 2021. Additionally, employers are free to set their own wages, which impacts the marketplace. For example, UPMC announced that it will increase its minimum wage to $15 per hour by 2021.

FMLA Expansion and Paid Sick Leave

Federal Level: Speaker Ryan’s Better Way agenda did not mention family and medical leave among its policy agenda. However, the conservative American Action Forum proposed the creation of an Earned Income Leave Benefit in an August 2016 report. According to the American Action Forum, “Modeled after the Earned Income Tax Credit (EITC), the total benefit available would be based on household income and only households with incomes below a certain threshold would be eligible.” During the campaign, President-elect Trump offered a vague maternity leave plan, however SHRM speculates that it is unlikely to advance in Congress.

State Level: In August 2016, Pennsylvania received a $250,000 grant from the U.S. Department of Labor to study paid family leave. According to WESA, “the study will focus on a wide range of permutations on paid leave programs, including maternity and paternity, and medical leave.” Governor Wolf supports paid sick leave based on Connecticut’s law, which mandates that employees accrue one hour of paid sick time for each 40 hours worked. Governor Wolf remains committed to paid sick leave and recently participated in a White House event unveiling new sick leave mandates for federal contractors.

Local Level: Pittsburgh attempted to enact its own sick leave ordinance in December 2015, however it was struck down by a judge as a result of “Section 2962(f) of the Charter Law, titled ‘Regulation of Business and Employment,’ [which] provides that such a municipality ‘shall not determine duties, responsibilities or requirements placed upon businesses, occupations and employers ... except as expressly provided by [a Pennsylvania state] statute.’” However, the ruling is currently being appealed in the Commonwealth Court.