

Skewed Priorities

A White Paper Analysis of the GOP's Budget Plan and Its Impact on West Virginia's Families, Children and Seniors

November 1, 2005



Congress has a serious priorities problem

The budget plan it approved this year calls for unprecedented cuts to vital services poor and middle class families – including women, children, students, seniors and minorities - depend on every day.

Initiatives on the chopping block include Medicaid, Nursing Home Care, Health Care, Food Stamps, Temporary Assistance for Needy Families (TANF), child care, foster care, Supplemental Security Income (SSI), and the Earned Income Tax Credit (EITC). These initiatives are vital to millions of American families and tens of thousands of families right here in West Virginia. In addition, they have taken on even greater significance since the devastation and dislocation brought on by Hurricane Katrina.

An Immoral “Robin Hood in Reverse”

Incredibly, however, President Bush and Republican Congressional leaders want to **cut as much as \$35 to \$50 billion** from these very services which are so important to families, children, students and seniors – while also proposing to give **tax breaks to the wealthy totaling \$70 billion**. Slashing services which support poor and middle class families to fund tax breaks for wealthy individuals and corporations represents a warped type of ***Robin Hood in Reverse*** - robbing from the poor to give to the rich – which is unfair and immoral at a time when the nation and West Virginia face so many challenges.

These cuts in “mandatory” initiatives are in addition to a possible 2%, or \$16.9 billion, across-the-board cut to services that are funded as part of the annual budget appropriations process. It is also possible that Congress will cut prior year funding and terminate 98 different federal initiatives. All of these cuts would reduce funding for K-12 education, job training, the Employment Service, unemployment insurance, community development grants, home heating for poor families and other vital initiatives.

The GOP Agenda: Tax Breaks for the Wealthy at the Expense of Everything Else

Unbelievably, Congress wants to drain the federal treasury by giving away \$70 billion in tax breaks that primarily benefit the very wealthy while hurricane victims struggle to rebuild their lives, poor families are food insecure, middle class families lack health insurance coverage, and our federal budget deficit continues to soar.

The Republican leadership's budget proposal would actually **increase deficits** by at least \$20 billion and as much as \$35 billion. Would your family choose to give away a large chunk of its income to millionaires when facing rising expenses for food, housing, and medical care, on top of huge and growing debt? That's just what Congress is proposing to do!

Congress is considering program cuts as high as:

- **At least \$10 billion from Medicaid**, which is enough to provide coverage to 1.2 million children. Currently, 50 million Americans rely on Medicaid for their health care.
- **\$4.5 billion from Food Stamps**, which would cut off approximately 4.7 million people, largely from working-poor families. The Food Stamp Program currently provides food assistance to 25 million low-income Americans, including 13 million children.
- **\$7 billion from initiatives that serve low-income families with children or low-income seniors or people with disabilities, including TANF, child care, SSI, child welfare services, and the Earned Income Tax Credit:**
 - If half of these cuts come from reductions in child care or TANF, the one-year funding cut would equal the cost of providing child care subsidies to 122,000 children or providing income assistance to 147,000 families with children.
 - If half of these cuts come from reducing the number of people receiving SSI, the program would have to cut off assistance to 131,000 poor seniors and people with disabilities.
- **\$9 billion from student loans.** The typical student borrower could be forced to pay an additional \$5,800 for student loans compared to current law.

Congress is considering \$70 billion in new tax breaks for the wealthy and corporations. Alternatively, Congress could invest in:

- Health care for 15.9 million Americans; or
- Head Start slots for 9.3 million children; or
- Affordable housing units for 629,927 families; or
- 1.6 million public safety officers; or
- 8,233 new elementary schools.

The Republican leadership in Congress isn't listening to what Americans are saying – that cutting support for poor and working families to pay for tax breaks for the wealthy are the wrong priorities.

According to a national survey conducted by Hart Research Oct. 8-11, 67% of Americans feel strongly that the proposal to cut \$35 billion in spending for Medicaid, food stamps, and other initiatives reflects the wrong priority for America. The survey found that most Americans feel the previous tax breaks have not been worth the cost, and 64% oppose the congressional Republican leadership's proposed \$70 billion in new tax breaks.

CONCLUSION:

GOP'S SKEWED PRIORITIES PUT WEST VIRGINIA'S FAMILIES, CHILDREN, STUDENTS AND SENIORS AT RISK

West Virginia's Families Will Be Harmed If Congress Makes Bad Budget Choices

Congress is making dangerous choices that will affect West Virginia's most vulnerable residents. Below are some examples of the negative impact these wrong priorities could have on West Virginia over the next five years:

Medicaid:

West Virginia would lose \$84.4 million in federal matching payments if Republican Congressional leaders enact their plan to cut America's Medicaid services by \$10 billion. Medicaid provides essential medical services to West Virginia's most vulnerable citizens, the majority of whom are children, the elderly or people with disabilities. In 2003, 289,000 people received Medicaid services in West Virginia. Any disruption in the federal funding stream to the state's Medicaid program will reduce recipients' access to health care and put more pressure on your state budget to provide essential health services.

Food Stamps:

West Virginia would lose \$83.2 million if Republican Congressional leaders enact their plan to cut America's Food Stamps by \$4.5 billion. In West Virginia, 256,000 low-income people used food stamps each month in fiscal year 2004.

Other Low-Income initiatives including TANF, child care, Social Security Income (SSI), child welfare, child support enforcement, Social Services Block Grant, Earned Income Tax Credit:

West Virginia would lose \$53.3 million if Republican Congressional leaders enact their plan to cut these vital services by \$7 billion. These initiatives provide cash and child care assistance to poor families, basic income assistance to poor individuals who are elderly or who have disabilities, foster care and adoption assistance, additional income for low-income working families, and a host of other supports for those in need.

What does West Virginia lose from the tax cuts?

- **Health care for 117,621 people; or**
- **Head Start places for 90,349 children; or**
- **Affordable housing units for 9,009 families; or**
- **70 new elementary schools; or**
- **17,684 public safety officers.**

**JOIN THE EMERGENCY CAMPAIGN FOR AMERICA'S PRIORITIES' (ECAP)
"VIRTUAL PROTEST" ON THE WEB: www.actnow.org**

Sources: Medicaid cuts data from Families, USA; Food Stamp data from U.S. Dept. of Agriculture; Data on Food Stamp cuts and "Other Low-Income Programs" cuts from Center on Budget and Policy Priorities; Tax cut tradeoff data adapted from National Priorities Project.