



COALITION ON HUMAN NEEDS

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Federal Budget Talking Points Even a Mother Could Love

Here is the plain English version of what Congress has done so far, what it's about to do, why the service cuts are indeed really cuts that hurt people, and why the proposed tax breaks are unfair and unwise.

Q: *So what's going on in Congress now?*

A: **The House of Representatives just left for their Thanksgiving break after having voted to cut a stunning array of services low-income people need:** health care, nutrition, basic aid for people with disabilities, foster care for abused or neglected children, student loans, and even the enforcement of child support orders. They wanted to turn around the very next day and hand out tax breaks, some of which give millionaires an average of \$38,000 each. But some in Congress were embarrassed about giving the rich so much right after cutting basic services for the poor – so they went home and will take up the tax breaks when they get back.

Q: *Is that it? Have the cuts become law?*

A: No. The House and Senate have each passed bills cutting spending on programs including Food Stamps and Medicaid. They are very different – the Senate cut about \$35 billion; the House cut \$50 billion. The House and Senate also differ in what they cut. The differences will have to be resolved in a conference committee, and then brought back to each body for a final vote. As for tax cuts – the Senate has passed a tax cut bill. Assuming the House acts, the differences between these two bills will also have to be worked out. Because the House and Senate differ on their approach to both spending and tax cuts, it is possible they cannot work out a deal. If they can't, the bills do not become law. That would be good news, because service cuts for low-income people to pay for tax breaks for millionaires makes no sense.

Q: *I heard that the House bill didn't make cuts – it just slowed the rate of growth of these programs. Aren't you exaggerating?*

A: No – as a result of these cuts, hundreds of thousands of low-income people will lose vital assistance or will have to pay more than they can afford to get it. Here are just some examples of the hardships the House proposal will inflict:

- **Health care: *People struggling to make ends meet will have to pay more for their health care*** – a family of three earning \$18,000 a year could face total Medicaid charges of as much as \$900 a year. The nonpartisan Congressional Budget Office has estimated that 80 percent of the savings from these changes will come from people not getting care – because they can't afford it. CBO also estimates that 100,000 people would lose Medicaid coverage altogether. ***That's a cut.***
- **Nutrition assistance: *Food Stamp cuts will deny assistance to at least 220,000 people.*** At least 150,000 low-income working families with children will lose Food Stamps, plus 70,000 legal immigrants who have been in this country for five years or more; by 2008, legal immigrants will have to wait 7 years to qualify, no matter how poor they are. ***That's a cut.***
- **Higher Education: *Cuts in student aid will make it harder for people to get a college education*** because students will have to pay an average of \$5,800 more in loan repayments. ***That's a cut.***
- **Child support: *Children in families owed child support by an absent parent will lose \$24 billion in support over 10 years*** because the federal government will cut funding to collect it. ***That's a cut.***
- **Aid to the disabled:** Poor people with severe disabilities will have to wait longer to receive the aid the federal government owes them. It often takes months or a year for a disabled person to be approved for Supplemental Security Income (SSI). Now he or she gets a lump sum payment that can help pay back rent or other bills for the period when no money was coming in. The House bill would pay out the owed benefits over many months – and if the disabled person dies while waiting, the government gets to keep the money. ***That's a cut.***

Q: *But so many House members said that funding was going up, not down. What gives?*

A: **Inflation makes the cost of everything go up**, and inflation in medical costs is especially high. If funding rises, but not enough to cover the cost of providing the same services, services will be cut back, or people will be asked to pay more for them. That's what will happen if the House bill becomes law.

Q: *Don't we need to cut back on spending so we can afford to rebuild the Gulf Coast states after the hurricanes?*

A: We are a wealthy enough nation to make the one-time investment needed to rebuild the Gulf Coast states. It just makes no sense to cut essential health, nutrition, and other services – sometimes needed by the very people recovering from the storms. And while some in Congress want to make dealing with the Gulf emergency contingent on spending cuts in low-income programs, they have not wanted to delay the billions in tax break proposals. Really, the \$35 to \$50 billion in service cuts will go right towards paying for the \$60 - \$70 billion in tax breaks that the Congressional leadership is intent on passing.

Q: *But don't we need the tax cuts to keep our economy humming?*

A: No – the tax breaks enacted since 2001 have been rotten at creating jobs – and more of the same will simply leave government unable to meet its responsibilities while passing deeper deficits along to our children. At comparable times in previous business cycles, private sector job growth averaged 8.6 percent. Now we've less than a one percent increase in private jobs since March 2001. The tax cuts for people with incomes over \$200,000 cost \$43 billion this year alone, according to the Tax Policy Center. That's a bad deal for America.