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Arizona Women Need a Deficit Plan that Protects Programs, Creates Jobs and Makes Millionaires Pay Their Fair Share

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The Budget Control Act (BCA) of 2011 cuts federal discretionary programs by nearly $1 trillion over the next decade, but does not touch the tax breaks enjoyed by millionaires and corporations. The BCA also establishes a 12-member, bipartisan congressional "super-committee" to develop a plan for an additional $1.5 trillion in deficit reduction over ten years, via any combination of spending cuts and/or increased revenues. If a majority of the super-committee approves a plan, Congress must vote on the plan, with no amendments allowed, by December 23, 2011. If the super-committee's plan is not enacted, or if it does not reduce the deficit by at least $1.2 trillion, the BCA requires automatic cuts to federal programs to take effect beginning in 2013.

To work for women in Arizona, any plan for deficit reduction must:

- protect programs vital to the wellbeing of women and their families;
- make millionaires and corporations pay their fair share; and
- promote job growth, ensuring lower deficits and a stronger economy in the long term.

Protect Vital Programs

While some safety net programs are protected from automatic cuts if the super-committee's plan is not enacted, the super-committee can propose cuts to any federal program as part of a package that cannot be amended. Any deficit-reduction plan must protect the programs that Arizona women and their families depend on to improve their health, obtain quality child care and higher education, and help them meet their basic needs during difficult times and as they age, such as:

- **Social Security.** Social Security is a social insurance program that protects workers and their families when income is lost due to retirement, disability, or death. About 1 in 6 Arizona residents – 1,067,700 people – received disability, survivor, and/or retirement benefits from Social Security in 2010.[1] Social Security reduced the poverty rate for women 65 and older in Arizona, from 46 percent to 13 percent and lifted 18,000 children out of poverty.[2]
- **Medicaid.** Medicaid provides health care coverage to low-income individuals who are elderly and live with disabilities, as well as low-income children, parents, and pregnant women. In 2008, nearly 63,900 elderly individuals in Arizona who relied on Medicaid for assistance with long-term care expenses, other health care services not covered by Medicare, and Medicare cost sharing were women, as were nearly 433,200 non-elderly adults – including women with disabilities, pregnant women and low-income parents.[3] Medicaid will also play a critical role in the Affordable Care Act's (ACA) expansion of access to health care coverage. In addition to the 497,200 women in Arizona who

currently receive Medicaid, 233,200 women are expected to gain coverage through Medicaid in 2014 pursuant to the ACA.[4]

- **Medicare.** Medicare is a federal health insurance program that funds basic health care services for 848,000 individuals who are elderly and/or have disabilities in Arizona. Women constitute 58 percent of the individuals with Medicare in Arizona.[5] Because women, on average, are poorer, live longer and have more health care needs than men, Medicare (sometimes combined with Medicaid) potentially plays a greater role for them in preventing illness and destitution.

- **Affordable Care Act (ACA).** When it takes full effect in 2014, 377,300 women in Arizona will gain coverage to affordable, comprehensive health care services due to the ACA expansion of Medicaid (233,200) and creation of premium subsidies (144,100) in new insurance marketplaces, known as Exchanges.[6] Full funding for the ACA is essential to ensure broad access to affordable coverage as well as to maintain support for states to plan and implement Exchanges, provide tax credits for small businesses to offer health insurance coverage to their employees, bolster community health centers, and much more.

- **Child Care and Development Block Grant (CCDBG).** The CCDBG program helps low-income working families afford child care and supports activities that improve the quality of care for all families. The CCDBG served a monthly average of 19,900 Arizona families with 32,700 children in fiscal year 2009.[7]

- **Head Start.** The Head Start program provides grants to public and private agencies to provide child development and early education services that help low-income preschool-age children build their reading and arithmetic skills to prepare for school. In fiscal year 2009, Head Start and Early Head Start preschool programs served 12,900 young children in Arizona.[8]

- **Supplemental Nutrition Assistance Program (SNAP/Food Stamps).** In fiscal year 2010, SNAP benefits helped 439,400 Arizona households put food on the table.[9] Nationally, a majority of SNAP recipients are children and about two-thirds of adult recipients are women.[10]

Make Millionaires and Corporations Pay Their Fair Share

While a wide range of programs were cut in this year's budget and funding for all discretionary programs was cut under the BCA, millionaires and corporations have so far not been required to contribute a penny in additional revenues toward deficit reduction. Any deficit reduction plan must close tax loopholes and require millionaires and corporations to pay their fair share. For example:

- **Close corporate tax loopholes.** Proposals in President Obama's budget to reduce tax breaks for the oil and gas industries and corporations that move jobs and profits overseas, close other corporate tax loopholes, and crack down on tax cheats, would raise about $350 billion over 10 years.[11] A more robust set of corporate tax reforms proposed by Citizens for Tax Justice would raise $451 billion over 5 years,[12] or roughly $900 billion over 10 years.

- **Make millionaires and billionaires pay their fair share.** The current tax code doesn't distinguish between households earning $373,000 and hedge fund managers earning billions of dollars a year. Creating new tax brackets for annual income starting above $1 million, and taxing income from capital gains and dividends at the same rate as income from work for taxpayers with income above $1 million, as proposed by the Fairness in Taxation Act, H. R. 1124, would raise about $784 billion over 10 years.[13]

- **Enact a financial-transactions tax.** A small tax on financial transactions such as stock trades would not only raise revenue but discourage short-term speculating. A 0.5 percent tax on stock transactions would raise about $77 billion *per year;* a 0.5 percent tax on all financial transactions (options, futures, swap transactions) would raise an estimated $150 billion per year,[14] or roughly $770 billion or $1.5 trillion, respectively, over 10 years.

- **Limit the value of itemized deductions for high-income taxpayers.** Taxpayers in the highest tax brackets get the largest tax subsidies from itemized deductions. For example, a millionaire in the 35 percent tax bracket who pays $10,000 in mortgage interest gets a tax benefit of $3,500. A middle-income taxpayer in the 15 percent tax bracket who pays the same $10,000 in mortgage interest gets a tax benefit of $1,500. Capping the value of itemized deductions at 28 percent would raise $293 billion over 10 years;[15] setting the cap at a lower percentage could raise substantially more.

Create Jobs and Spur Economic Growth

Creating jobs and growing the economy is a critical part of any deficit reduction plan, boosting revenues and reducing the demand for safety net programs. Any deficit reduction plan should:

- **Create jobs for women and men**. Between 2007 (before the recession began) and 2010, unemployment for women in Arizona has increased from 4.0 percent to 9.4 percent.[16] Since the recession officially ended in June 2009, women nationally have lost jobs and seen their unemployment rate rise, largely because of job losses in the public sector.[17] Investments in human capital – early childhood development, education, health care, job training – as well as physical infrastructure would create jobs for women and men and contribute to long-term economic growth.

- **Extend federal emergency unemployment benefits.** Federal emergency unemployment benefits, which provide additional benefits for those out of work for six months or more, help jobless workers and boost the economy, because families generally spend benefits quickly to meet basic needs. If federal benefits are not renewed in 2012, more than half a million jobs will likely be lost nationwide.[18]

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[1] Nat'l Women's Law Ctr., State-by-State Fact Sheets: Social Security Vital to Women and Families (2011), http://www.nwlc.org/resource/state-state-factsheets-social-security-vital-women-and-families.

[2] Nat'l Women's Law Ctr. calculations of Social Security's impact on poverty based on U.S. Census Bureau, Current Population Survey (CPS), Annual Social and Economic Supplement (2007-2010, averages over 3 or 4 years depending on sample size) (using CPS Table Creator II, *available at* http://www.census.gov/hhes/www/cpstc/apm/cpstc_altpov.html).

[3] Nat'l Women's Law Ctr. calculations based on data from Medicaid Statistical Information System (MSIS) State Summary Datamart (2008), http://msis.cms.hhs.gov (last visited August 8, 2011). Some elderly (and disabled) Medicaid beneficiaries are dually eligible for both Medicaid and Medicare, while others just receive Medicaid.
[4] Kaiser Family Found., *Impact of Health Reform on Women's Access to Coverage and Care* at 9 (Dec. 2010), http://www.kff.org/womenshealth/upload/7987.pdf (last visited August 8, 2011).
[5] Nat'l Women's Law Ctr. calculations based on health insurance data based on U.S. Census Bureau, Current Population Survey (CPS), Annual Social and Economic Supplement (2009, using CPS Table Creator, *available at* http://www.census.gov/hhes/www/cpstc/cps_table_creator.html).
[6] Kaiser Family Found., *supra* note 4, at 9. Totals may not add due to rounding.
[7] U.S. Dep't of Health & Human Serv., Admin. for Children & Families, FFY 2009 Child Care and Development Fund Data Tables (Preliminary Estimates), Table 1: Average Monthly Adjusted Number of Families and Children Served, http://www.acf.hhs.gov/programs/ccb/data/ccdf_data/09acf800_preliminary/2009_preliminary.pdf (last visited August 8, 2011).
[8] U.S. Dep't of Health & Human Serv., Admin. for Children & Families, Head Start Program Fact Sheet, http://www.acf.hhs.gov/programs/ohs/about/fy2010.html (last visited August 15, 2011).
[9] U.S. Dep't of Agric., Food & Nutrition Serv., Supplemental Nutrition Assistance Program: Number of Households Participating, http://www.fns.usda.gov/pd/30SNAPcurrHH.htm (last visited August 15, 2011).
[10] U.S. Dep't of Agric., Food & Nutrition Serv., The Office of Research and Analysis, Nutrition Assistance Program Report Series, Report No. SNAP-10-CHAR, *Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2009* (Oct. 2010), *available at* http://www.fns.usda.gov/ora/MENU/Published/snap/FILES/Participation/2009Characteristics.pdf Table A-23: Gender and SNAP Benefits of Participants by Selected Demographic Characteristics.
[11] Joint Comm. on Taxation, *Description of Revenue Provisions Contained in the President's Fiscal Year 2012 Budget Proposal* 633-34 (June 2011), http://jct.gov/publications.html?func=startdown&id=3796.
[12] Citizens for Tax Justice, *Revenue-Positive Reform of the Corporate Income Tax* 7-10 (Jan. 2011), http://ctj.org/ctjreports/2011/01/revenue-positive_reform_of_the_corporate_income_tax.php.
[13] Citizens for Tax Justice, Unpublished Estimates (April 2011) (on file with the Nat'l Women's Law Ctr.).
[14] Demos, *Economic Policy Institute and The Century Foundation, Investing in America's Economy: A Budget Blueprint for Economic Recovery and Fiscal Responsibility* 40 (Nov. 2010), http://www.epi.org/publications/entry/investing_in_americas_economy.
[15] Joint Comm. on Taxation, Description of Revenue Provisions, *supra* note 11, at 637.
[16] U.S. Dep't of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics, Table 14: Employment status of the civilian noninstitutional population in states by sex, race, Hispanic or Latino ethnicity, and detailed age, annual averages 2007 (2008), *available at* http://www.bls.gov/lau/table14full07.pdf; Bureau of Labor Statistics, Unpublished Data (2011) (on file with the Nat'l Women's Law Ctr.).
[17] For more information on how women are faring in the recovery, *see* Nat'l Women's Law Ctr., Second Anniversary or the Recovery Shows No Job Growth for Women (2011), http://www.nwlc.org/sites/default/files/pdfs/recoverysecondanniversaryshowsnojobgrowthforwomenjuly0811.pdf; Nat'l Women's Law Ctr., Modest Recovery Largely Leaves Women Behind (2011), http://www.nwlc.org/sites/default/files/pdfs/slowrecoveryfactsheetaug2011.pdf.
[18] Andrew Fieldhouse & Ethan Pollack, Econ. Policy Inst., *Issue Brief #311: Debt Ceiling Deal Threatens Deep Job Losses and Lower Long-Run Economic Growth* at 2 (2011), http://web.epi-data.org/temp727/EPI-TCF_IssueBrief_311.pdf.