
***Demand **Fair Change**, Not Spare
Change: What's at Stake for Women &
Families in Today's Budget Debates***

June 22, 2011

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Challenges facing women & families

- Unemployment high, economy fragile.
- Weak recovery, especially for women.
 - Women hold fewer jobs, have higher unemployment than at start of recovery, 7/09.
- States and localities still cutting services, jobs.
 - Disproportionate effect on women.
- But debate in DC focused on spending cuts/deficit reduction.

Three key principles:

- Protect low-income and vulnerable people in budget debates.
- Rely on increased revenues at least as much as spending cuts in any deficit reduction plan.
- Oppose budget procedures that would force deep cuts in spending but shield tax breaks.

Slash-onomics

- Slash programs for the poor and middle class in the name of deficit reduction.
- Take revenues off the table and give more tax cuts to the wealthy. (Deficits don't matter when it comes to tax cuts.)
- Change budget rules to lock in these distorted priorities.

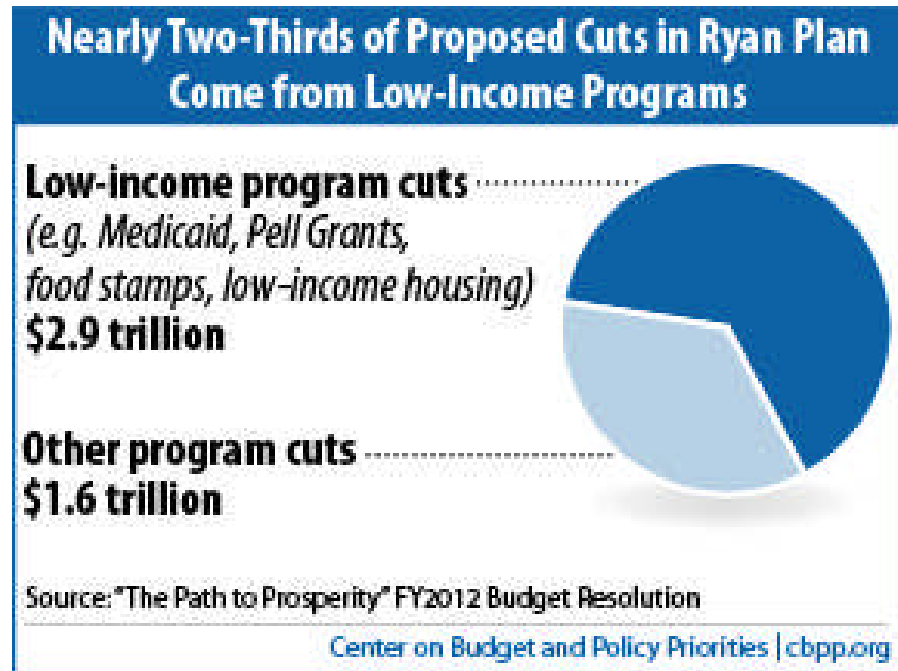
Upcoming budget battles

- Congress must pass increase in debt ceiling by Aug. 2.
 - Threats to vote no without deep program cuts & budget rule changes.
- Funding for discretionary programs in FY 12 and beyond.
- Restructure mandatory programs
 - E.g., cap or block grant Medicaid (passes costs on to states, reduces individual protections)
- Change budget rules (e.g., spending cap, balanced budget amendment, spending-only enforcement).

House Republican (Ryan) Spending Cuts

\$4.5 Trillion in Cuts, 2/3 from Low-Income Programs

- \$2.17 trillion cut from Medicaid and health care subsidies.
- \$350 billion cut from low-income mandatory programs, e.g. SNAP, SSI, TANF, child care (part), Pell grants (part).
- \$400 billion cut from low-income discretionary programs, e.g. Head Start, child care (part), WIC, housing and energy assistance, job training, DV services, Pell grants (part), elder services.
- \$1.2 trillion cut from other “non-security” discretionary programs, e.g. food safety, environmental protection, medical research.
- \$369 billion cut from other mandatory programs.
- End Medicare as we know it.



Source: CBPP, [Nearly 2/3rds of Cuts Come from Low-Income Programs](#)

House Republican (Ryan) Tax Cuts

- \$6.7 trillion in new tax cuts
 - \$3.8 trillion (extend Bush tax cuts & reduction in Alternative Minimum Tax but *not* recent Child Tax Credit & EITC improvements)
 - \$2.9 trillion (cut top individual and corporate tax rates, repeal progressive taxes for health reform, repeal AMT)
- Raise \$2.5 trillion in revenues from unspecified reductions in tax expenditures.
- Net tax cuts: \$4.2 trillion

Source: CBPP, [House Budget Places Top Priority on High-Income Tax Cuts, Ignores Deficit Reduction](#)

Who benefits from the tax cuts in the Ryan budget?

- The really rich. Average tax cut in 2013:
 - Income over \$1 million: \$192,500
 - Income over \$10 million: \$1,450,650
- The top 5% of taxpayers get:
 - virtually all the benefit of the new tax cuts
 - nearly half of the benefits of extending the Bush-era tax cuts.

Sources: CTJ, [Ryan plan would give huge tax cut to millionaires](#); [Bush tax cuts after 10 yrs](#)

Who loses from the tax cuts in the Ryan budget?

Low- and moderate income people lose 4 ways:

- Get little or nothing from the new tax cuts.
 - Average tax cut for bottom 60% less than \$500 in 2013.
 - 30% of single mothers and their children get zero.
- Lose tax benefits from *not* extending recent Child Tax Credit, EITC improvements.
 - Loss for single mother with 3 kids: \$2,100.
- Multiple cuts to public services and benefits outweigh any benefit from the specific tax cuts in the Ryan budget.
- Taxes may increase for the middle class and poor from the \$2.5 trillion in reductions in unspecified tax expenditures.

Sources: CTJ, [Bush tax cuts after 10yrs](#); NWLC, [McConnell tax plan leaves single mothers behind](#)

The Tradeoffs

In 2012, the average millionaire will receive a tax cut worth nearly

\$104,000

If just

1



millionaire hadn't had these tax cuts...

13



children could go to Head Start

or

18



children could have child care

or

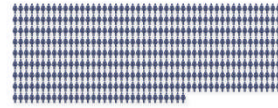
26



students could receive Pell Grants

or

431



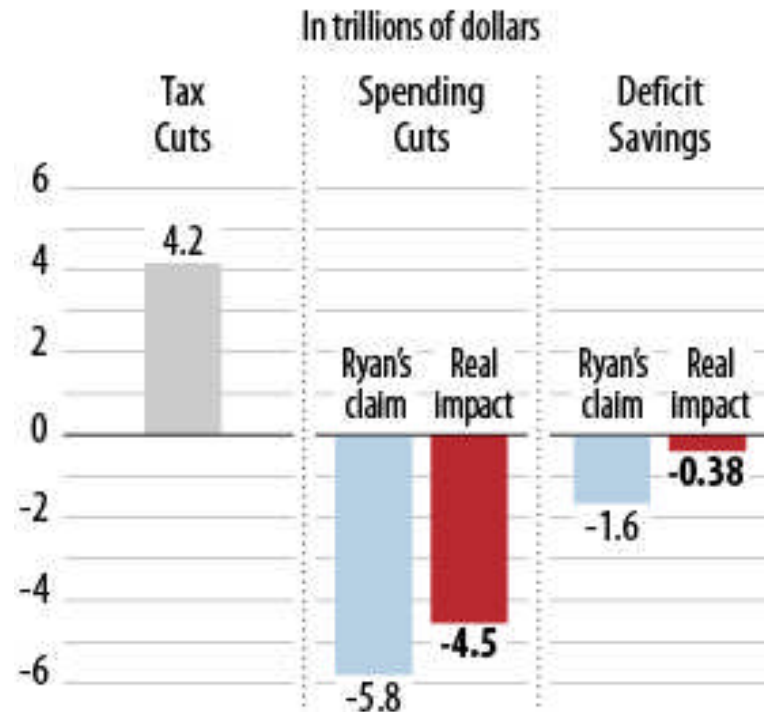
women could receive contraceptive services under Title X.

National Women's Law Center • www.nwlc.org

Sources: Tax Policy Center, U.S. Dept of Education, U.S. Dept of Health & Human Services. Estimates adjusted for inflation.

What about deficit reduction?

Ryan Plan's Deficit Reduction Much Smaller Than Claimed



Sources: Congressional Budget Office, CBPP analysis of the Manager's Amendment to the Fiscal Year 2012 Budget Resolution

Center on Budget and Policy Priorities | cbpp.org

But the Senate defeated the Ryan budget!

Why worry about it?

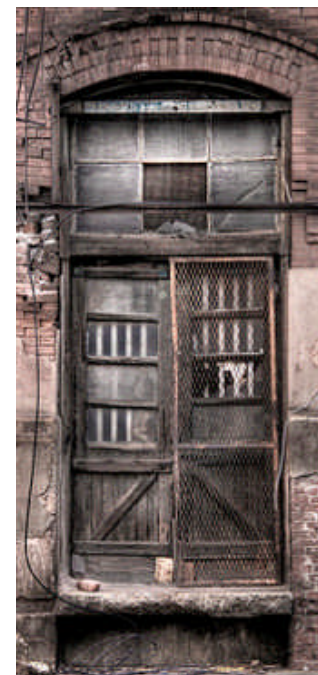
Back-door ways to get to the Ryan budget:



Global spending cap



Balanced budget amendment



Spending-only enforcement

Behind Door #1: Global Spending Cap

- It's a limit on total federal spending, including mandatory and discretionary spending, to a fixed share of the economy (Gross Domestic Product) each year.
 - Its cousins: “mandatory spending” or “entitlement cap,” “health care spending cap,” “multi-year discretionary cap.”
- A spending cap of any type **only** applies to the **spending side** of the budget.

A global spending cap would:

- Require radical changes to Medicaid, Medicare and Social Security;
- Drastically reduce funding for other key domestic priorities; and
- Prevent the government from responding to recessions.

A global spending cap would *not*:

- Limit tax breaks for the wealthy and corporations.
 - Congress could give away trillions in new tax cuts.
- Provide any incentive to Congress to close tax loopholes or raise taxes on the wealthy.
 - Congress couldn't spend above the cap even if it were fully paid for by closing tax loopholes.
- Ensure deficit reduction.

Let's get more specific.

- Corker bill limit = 20.6% of GDP. That's:
 - Lower than average spending (22%) during Reagan years – before baby boomer retirements, health care costs surged.
 - About the same as the Ryan budget over next 20 years.
- Automatic enforcement would cut Social Security, Medicare and Medicaid by 19% in 10 years:
 - Average Social Security benefit of \$12,000/year for elderly women cut to \$9,720, below poverty.
 - Cuts grow even deeper after 10 years.
- Spending caps in proposed BBA are lower (18% of GDP)

Behind Door #2: Balanced Budget Amendment

The basic version (1990s):

A constitutional amendment prohibiting the federal government from spending more than it receives in revenues each year, unless a supermajority of both houses approves additional spending.

Why shouldn't the federal government have to balance its budget? States and families do.

- States have separate capital budgets to borrow for roads, schools. Families can borrow to buy a home, start a business, finance an education.
 - Federal government couldn't borrow for investments.
- States and families can save for a rainy day.
 - Federal surplus couldn't help balance the budget the next year.
- States and families both rely on the federal government's ability to help out during economic downturns and other emergencies.

Economists condemn balanced budget amendment

Statement on 1997 BBA by over 1,000 economists including 11 Nobel laureates:

“We condemn the proposed ‘balanced-budget’ amendment to the federal Constitution. It is unsound and unnecessary. . . . The proposed amendment mandates perverse actions in the face of recessions. In economic downturns, tax revenues fall and some outlays, such as unemployment benefits, rise. These so-called ‘built-in stabilizers’ limit declines of after-tax income and purchasing power. To keep the budget balanced every year would aggravate recessions.”

See CBPP, [Greenstein Statement on Senate GOP BBA](#) (3/31/11)

Current versions of the BBA are far more extreme and dangerous!

BBA endorsed by House Judiciary, all GOP Senators add:

- Global spending cap (18% of GDP, lower than Corker bill)
- 2/3 vote in both houses to increase revenues.

These rules would be written into the Constitution!

“Dopiest Constitutional Amendment of All Time?”

– Bruce Bartlett, Advisor to Presidents Reagan and George H.W. Bush

Behind Door #3: “Spending-Only” Enforcement

- This is a budget enforcement mechanism that calls *only* for automatic spending cuts, not tax increases, if a deficit- or debt-reduction target isn’t met.
- A deficit- or debt-reduction target isn’t inherently one-sided like a spending cap. It could be met by cutting spending, raising revenues, or a combination of both.
 - But if only automatic *spending* cuts occur if Congress fails to meet the target, the impact is like a spending cap, and
 - Policymakers who want *only* spending cuts would have no incentive to compromise on a balanced plan that includes increased revenues.

Major Health Programs

- **Medicare: connected to Social Security**
- Over 65 years old
- Disabled
- Services defined

- **Medicaid: income based**
- Over 65 years old
- Disabled
- Children(supplemented by CHIP)
- Pregnant women; some parents/non-parents
- Services vary by state

- **Discretionary:**
- Community Health Centers
- Breast and Cervical Cancer Screenings
- Family Planning Services

How Medicaid Works Now

- Federal and State funded
- Some federal rules, significant state flexibility
- If individual is eligible:
 - She is enrolled
 - Services are covered
 - Providers are paid
 - Federal and state money flow
 - So called “entitlement” program.

What is a Medicaid “block grant”?

- *Now:* State gets funds for services delivered to all eligible people.
- *Then:* States get a set amount of dollars.

How a Medicaid Block Grant will work

- State gets a set amount of federal dollars
- State contribution could be reduced
- Program lasts as long as the dollars last, nothing is guaranteed if state runs out of money.
- Medicaid will not expand during economic downturns.
- Elimination or limitation of federal protections for:
 - Eligibility
 - Services
 - Beneficiary rights

Q: Is a Block Grant the same as a “Cap”?

A: It depends.

- What is a cap?
- What is the size of a cap?
- What programs are included under a cap?
- At what level cut does a cap turn Medicaid into a block grant?

House Appropriations Committee Proposes Deep Additional Cuts For FY 2012

in billions; budget authority

Subcommittees	FY 2010 Enacted	FY 2011 Enacted	FY 2012 Allocations	% Changed from FY 2010	% Changed from FY 2011
Agriculture, FDA	\$ 23,304	\$ 19,922	\$ 17,250	-26.0%	-13.4%
Commerce, Justice, Science	\$ 64,315	\$ 53,327	\$ 50,237	-21.9%	-5.8%
Defense*	\$ 508,122	\$ 513,025	\$ 530,025	4.3%	3.3%
Energy and Water	\$ 33,465	\$ 31,682	\$ 30,639	-8.4%	-3.3%
Financial Services	\$ 24,186	\$ 21,950	\$ 19,895	-17.7%	-9.4%
Homeland Security	\$ 42,534	\$ 41,661	\$ 40,592	-4.6%	-2.6%
Interior, Environment	\$ 32,240	\$ 29,559	\$ 27,473	-14.8%	-7.1%
Labor, HHS, Education	\$ 163,585	\$ 157,436	\$ 139,218	-14.9%	-11.6%
Legislative Branch	\$ 4,656	\$ 4,541	\$ 4,314	-7.3%	-5.0%
Military Construction, VA	\$ 76,600	\$ 73,150	\$ 72,535	-5.3%	-0.8%
State, Foreign Operations	\$ 48,764	\$ 48,162	\$ 39,569	-18.9%	-17.8%
Transportation, Housing	\$ 67,900	\$ 55,367	\$ 47,655	-29.8%	-13.9%
Totals:	\$ 1,089,671	\$ 1,049,782	\$ 1,019,402	-6.4%	-2.9%

*Defense totals exclude war supplemental funding.

Source for FY's 2011 and 2012: [House Appropriations Committee, at
http://republicans.appropriations.house.gov/files/51111FY2012SubcommitteeAllocations302bs.pdf](http://republicans.appropriations.house.gov/files/51111FY2012SubcommitteeAllocations302bs.pdf)

Source for FY 2010: House Appropriations Committee table

Compiled by Coalition on Human Needs

Most Americans oppose slash-onomics

Let me you read you a number of programs that could be cut significantly as a way to reduce the current federal budget deficit. For each one, please tell me if you think significantly cutting the funding for this program is totally acceptable, mostly acceptable, mostly unacceptable, or totally unacceptable as a way to help reduce the federal deficit.

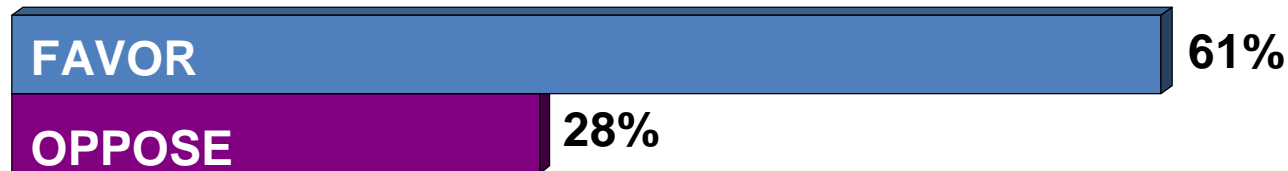
THIS TABLE IS RANKED BY % TOTAL ACCEPTABLE

	<u>Totally acceptable</u>	<u>Mostly acceptable</u>	<u>Mostly unacceptable</u>	<u>Totally unacceptable</u>
Medicaid, the federal government health care program for the poor				
February 2011*	9	23	32	35
Medicare, the federal government health care program for seniors				
February 2011**	7	16	30	46
Placing a surtax on federal income taxes for people earning over one million dollars a year.				
February 2011*	55	26	11	6
Eliminating tax credits for the oil and gas industries.				
February 2011**	47	27	11	11
Phasing out the Bush tax cuts for families earning two hundred and fifty thousand dollars or more per year.				
February 2011**	42	26	13	16

Based on public info from NBC/WSJ polling

We can win by talking about impacts on people.

Do you favor or oppose a balanced budget amendment to the U.S. Constitution?



Would you favor or oppose a balanced budget amendment to the U.S. Constitution if that would require a 20% cut in spending on entitlement programs such as Medicare, Medicaid, and veterans benefits?



Based on public info from NBC/WSJ polling

Past deficit-reduction plans protected vulnerable people

- Past deficit-reduction agreements exempted low-income assistance programs from automatic budget enforcement:
 - 1985 and 1987 Gramm-Rudman-Hollings laws, 1990 Budget Enforcement Act, 1993 Deficit Reduction Act, 1997 Balanced Budget Act, 2010 pay-as-you-go statute.
- Past deficit-reduction packages helped the vulnerable and reduced poverty:
 - 1990 package raised the EITC, 1993 package increased the EITC and Food Stamps, 1997 package created the Children's Health Insurance Program.

Source: Bob Greenstein, CBPP

There are ways to reduce the deficit and debt fairly and responsibly

Congressional Progressive Caucus:

- Creates \$30.7b surplus by 2021
- Public debt as a share of GDP is 64.1% by 2021 (down 16.5% from realistic estimate of continuing current policies)
- Cuts spending, but leaves room for expanded public investment, while increasing revenues

Other plans: EPI/Demos, Century Foundation: **Investing in America's Economy:** <http://www.epi.org/publications/entry/update-investing-in-americas-economy/>; Roosevelt Institute Campus Network, **Budget for Millennial America** <http://www.rooseveltcampusnetwork.org/blog/budget-millennial-america>

Five Ways to Help Protect Low-income and Vulnerable People in the Budget

1) Stay In the Loop & Get Your Organization on Board

- Sign SAVE for All Principles
- Stay tuned for an announcement about a week of action.
- Get Ducks in a Row to Take Action

2) Educate Your Community / Organization

- Replay this webinar for people in your agency/congregation/organization
- Write letters to the editor, blogs, op-eds

Five Ways to Help Protect Low-income and Vulnerable People in the Budget

3) Be Visible

- Town Hall Meetings
- Stroller Parades
- Rallies
- Local Advocacy Days
- Other Opportunities?



4) Gather Stories

- Collect Stories
- Use stories in your writing, presentations, in-district meetings, LTEs, Op Eds, blog posts, etc.

Five Ways to Help Protect Low-income and Vulnerable People in the Budget

5) Contact Your Members of Congress

- E-mail Members of Congress
- Call Members of Congress
- Write Letters to Congress
- Invite Members of Congress to Your Agency / Organization
- Identify Other Opportunities to Reach Members of Congress

But what should I say?

- As an organization that works on behalf of _____, I need you to protect low-income and vulnerable people in the current budget negotiations. And I expect that any deficit reduction plan will rely on increased revenues at least as much as spending cuts. I also urge Sen. / Rep. to oppose budget procedures that would force deep cuts in spending but shield tax breaks.
- Add in stories of programs that work (that get federal and state money!)
- Add in information about the people you serve in their community and why they need help in these tough economic times

Questions?

To get involved, contact Melanie Ross Levin at
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