

TAX & BUDGET

The Ryan House Budget FY 2015: Slashes Vital Programs for Women and Families, Gives Trillions in Tax Cuts to Millionaires and Corporations

April 2014

The budget for Fiscal Year 2015 introduced by Rep. Paul Ryan (R-WI), like his Fiscal Year (FY) 2014 and 2013 budgets, proposes deep funding cuts that would devastate programs especially important to women and their families: Medicaid, Medicare, the Affordable Care Act, child care, education, SNAP, and much more. This year's budget cuts are even deeper than last year's – over \$5.1 trillion over 10 years.¹ The overwhelming majority of the cuts proposed in the Ryan budget – \$3.3 trillion – comes from programs for individuals and families with low or moderate incomes,² meaning women and children bear the brunt of the cuts.³ At the same time, the budget proposes trillions of dollars in new tax cuts for the wealthiest Americans and large corporations and decreases employment by an estimated 1.1 million jobs in FY 2015 alone.⁴

Chairman Ryan's plan targets women and their families for draconian cuts. The Ryan budget:

- **Slashes and dismantles Medicaid.** Ryan's plan calls for \$2.7 trillion in health care reductions for low- and moderate-income people.⁵ The budget would cut Medicaid by more than \$730 billion over 10 years and convert the program into a block grant,⁶ forcing states to restrict eligibility, eliminate benefits, shift costs to beneficiaries, cut provider payments and/or cut people from the program. Medicaid cuts would especially hurt women, who make up nearly 70 percent of adult Medicaid beneficiaries. And they would cost women jobs, since 80 percent of Medicaid-supported jobs are held by women.⁷
- **Repeals the Affordable Care Act (ACA),** which would cause millions of women to lose affordable health coverage⁸ through expanded Medicaid coverage or private plans offered through health insurance exchanges. The Center on Budget and Policy Priorities estimates that at least one in eight Americans would lose health insurance or fail to obtain insurance over the next 10 years, if the Ryan budget were to take effect.⁹ Repealing the ACA would also:
 - o increase the cost of prescription drugs for Medicare beneficiaries
 - o increase the cost of preventive care services (including contraceptive services)
 - o allow insurance companies to continue to discriminate against women by charging them higher premiums than men, deny coverage to women and men due to preexisting conditions (including domestic violence), and refuse to cover maternity care.

- **Replaces the Medicare guarantee** with a limited subsidy to purchase private coverage. The subsidy would likely be inadequate to purchase traditional Medicare coverage, so costs would be pushed onto beneficiaries – a majority of whom are women, who already struggle to pay higher out-of-pocket health care costs out of lower incomes.¹⁰
- **Cuts non-defense discretionary programs by \$900 billion over 10 years.**¹¹ This portion of the federal budget funds vital programs including **child care, Head Start, education, job training, Pell Grants, housing and energy assistance, food safety, environmental protection** and more – many of which women disproportionately rely on.¹²
 - o These cuts would come on top of cuts occurring due to funding caps established by the Budget Control Act of 2011 (BCA) – which by themselves would bring non-defense discretionary spending to its lowest levels in over 50 years as a share of the economy. The Ryan budget's additional \$900 billion in cuts would reduce funding for non-defense discretionary programs to less than half its level under President Reagan, just 1.7 percent of GDP, according to the Center on Budget and Policy Priorities.¹³ Such deep cuts could not be implemented without serious harm to women and their families.
 - o On the defense side of the discretionary budget, however, the Ryan plan would increase funding by \$483 billion.¹⁴
- **Cuts mandatory income security programs by over \$760 billion over 10 years.** This part of the federal budget funds programs for lower-income Americans, including many that are especially important for women.¹⁵
 - o For example, the Ryan budget slashes the **Supplemental Nutrition Assistance Program (SNAP/Food Stamps)** by \$137 billion,¹⁶ limits eligibility, and turns the program into a block grant that would not respond to increased need during recessions. Nearly 62 percent of adult SNAP recipients are women.¹⁷ The budget adds work requirements for SNAP benefits and reduces funding for outreach about the program, even when participation remains shockingly low among some of our country's most vulnerable eligible populations – senior citizens – who are less likely to be aware of their eligibility than other non-recipients.¹⁸
 - o In addition, the Ryan budget cuts **Pell Grants** by up to \$125 billion, by proposing to freeze the maximum amount for 10 years in the face of rising tuition costs and restricts eligibility for this assistance, which helps low-income students pay for college. More than six in ten (62 percent) of Pell Grant undergraduate recipients are women.¹⁹
 - o The budget calls for at least \$500 billion in cuts to other **income support programs**,²⁰ a category which includes refundable credits like the **Earned Income Tax Credit** and **Child Tax Credit, unemployment insurance, low-income housing and energy assistance, Supplemental Security Income (SSI), Temporary Assistance for Needy Families (TANF)**, and **child nutrition programs** including school lunches. Not all the cuts are specified but the budget does single out certain programs. SSI provides income support to low-income elders and people with disabilities; the Ryan budget calls for cutting SSI benefits for large families and possibly restricting coverage for children with mental-health related disabilities. TANF funds cash assistance, work supports, and other services for low-income children and parents; the Ryan budget would prevent states from getting waivers of rigid federal work requirements, despite continued high unemployment rates. Cuts to both of these programs would disproportionately hurt women, who represent a majority of all SSI beneficiaries and over two-thirds of elderly SSI beneficiaries²¹ and nearly 85 percent of adult TANF beneficiaries.²²

The Ryan budget gives massive new tax breaks to the very wealthy and corporations. It:

- **Cuts the top personal and corporate income tax rates to 25 percent.** In its analysis of an identical proposal in last year's House Republican budget, the Tax Policy Center estimated that all the new tax cuts called for by the Ryan budget would cost \$5.7 trillion over the next 10 years.²³

- o Millionaires would receive an average tax cut of at least \$200,000.²⁴
- o The Ryan budget claims that these enormous tax cuts would be paid for by cutting tax expenditures – but does not identify a single loophole that should be closed. In contrast, the tax reform plan²⁵ introduced by Rep. Dave Camp (R-MI) identifies dozens of tax deductions, credits, and preferences that would be scaled back or eliminated—which may be why the Ryan budget does not incorporate the Camp tax plan. Yet the Camp plan only manages to lower the top individual rate to 35 percent and relies on numerous gimmicks to achieve revenue neutrality in the first 10 years; after that, revenues would drop and deficits would increase.²⁶ Paying for the massive tax cuts proposed in the Ryan budget would require raising taxes on the middle class and working poor Americans, making even deeper cuts in services for middle- and low-income people than those already in the budget, or adding trillions of dollars to the debt, as analysis of a smaller tax cut proposal by Governor Romney in his presidential campaign showed.²⁷

1 NWLC calculations based on the House Budget, Fiscal Year 2015 Budget Resolution (Apr. 2014), Table S-4, available at http://budget.house.gov/uploadedfiles/fy15_blueprint.pdf and House Budget, Fiscal Year 2014 Budget Resolution (Mar. 2013), Table S-2, available at http://budget.house.gov/uploadedfiles/summary_tablesfy14.pdf.

2 Richard Kogan & Joel Friedman, Ctr. on Budget & Policy Priorities, Ryan Plan Gets 69 Percent of Its Budget Cuts from Programs for People with Low or Moderate Incomes (Apr. 8, 2014) available at <http://www.cbpp.org/cms/index.cfm?fa=view&id=4122> [hereinafter Kogan & Friedman, Ryan Plan Gets 69 Percent].

3 See generally NWLC, Cutting Programs for Low-Income People Especially Hurts Women and Their Families (Nov. 2013), available at <http://www.nwlc.org/sites/default/files/pdfs/lowincomefactsheet.pdf> [hereinafter NWLC, Cutting Programs for Low-Income People].

4 Joshua Smith, Economic Policy Institute, By Ignoring Economic Reality, Ryan Budget Would Slow Recovery, Cost Jobs (Apr. 2014) available at <http://www.epi.org/blog/ignoring-economic-reality-ryan-budget-slow/>.

5 Kogan & Friedman, Ryan Plan Gets 69 Percent, *supra* note 2.

6 NWLC, The Ryan Budget's Catastrophic Health Cuts and their Impact on Women (Apr. 2014), available at <http://www.nwlc.org/resource/ryan-budget%E2%80%99s-catastrophic-health-cuts-and-their-impact-women-0>.

7 NWLC, Job Loss: The Hidden Cost of Medicaid Cuts to Women (Dec. 2012), available at http://www.nwlc.org/sites/default/files/pdfs/job_loss_hidden_cost_medicaid_cuts_women_data_by_dg_km_12-7-12.pdf.

8 NWLC, The Ryan Budget's Catastrophic Health Cuts and their Impact on Women, *supra* note 6.

9 Kogan & Friedman, Ryan Plan Gets 69 Percent, *supra* note 2.

10 Robert Greenstein, Ctr. on Budget & Policy Priorities, Statement on Chairman Ryan's Budget Plan (Apr. 1, 2014), available at <http://www.cbpp.org/cms/index.cfm?fa=view&id=4115>.

11 Kogan & Friedman, Ryan Plan Gets 69 Percent, *supra* note 2.

12 See NWLC, Cutting Programs for Low-Income People, *supra* note 3.

13 Greenstein, Statement on Chairman Ryan's Budget Plan, *supra* note 10.

14 House Budget, Fiscal Year 2015, *supra* note 1 at Table S-5.

15 Greenstein, Statement on Chairman Ryan's Budget Plan, *supra* note 10.

16 Kogan & Friedman, Ryan Plan Gets 69 Percent, *supra* note 2.

17 USDA, FNS, Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2012, at Table A.23 (Feb. 2014), available at <http://www.fns.usda.gov/sites/default/files/2012Characteristics.pdf>.

18 Food Research & Action Ctr., Seniors and SNAP/Food Stamps, available at <http://frac.org/initiatives/addressing-senior-hunger/seniors-and-snapfood-stamps/> (last visited Apr. 1, 2014).

19 U.S. Dep't of Ed., National Ctr. for Education Statistics (NCES), 2011-12 National Postsecondary Student Aid Study (NPSAS:12). Computation by NCES QuickStats on March 5, 2014, available at <http://nces.ed.gov/datalab/quickstats/default.aspx>.

20 Greenstein, Statement on Chairman Ryan's Budget Plan, *supra* note 10.

21 NWLC calculations from SSA, SSI Annual Statistical Report, 2012, Federally Administered Payments, at 22 (Sept. 2013), available at http://www.socialsecurity.gov/policy/docs/statcomps/ssi_asr/2011/sect02.pdf.

22 HHS, ACF, Office of Family Assistance, TANF: Tenth Report to Congress, at 59 (Dec. 2013), available at http://www.acf.hhs.gov/sites/default/files/ofa/10th_tanf_report_congress.pdf.

23 Howard Gleckman, Tax Policy Ctr., House GOP Would Need \$5.7 Trillion in Tax Hikes to Offset Ryan Rate Cuts (Mar. 15, 2013), <http://taxvox.taxpolicycenter.org/2013/03/15/house-gop-would-need-5-7-trillion-in-tax-hikes-to-offset-ryan-rate-cuts/>.

24 Citizens for Tax Justice, Another Ryan Budget Gives Millionaires Average Tax Cut of At Least \$200,000 (Apr. 2, 2014), available at http://ctj.org/ctjreports/2014/04/another_ryan_budget_gives_millionaires_average_tax_cut_of_at_least_200000.php#Uzw5PKIpnal.

25 Discussion Draft, Tax Reform Act of 2014, available at http://waysandmeans.house.gov/uploadedfiles/statutory_text_tax_reform_act_of_2014_discussion_draft_022614.pdf.

26 Chye-Ching Huang, Ctr. on Budget & Policy Priorities, Camp Tax Reform Plan Likely Means Bigger Deficits After First Decade (Feb. 26, 2014), available at <http://www.offthechartsblog.org/camp-tax-reform-plan-likely-means-bigger-deficits-after-first-decade/>.

27 Chuck Marr, Chye-Ching Huang, & Nathaniel Frenzt, Ctr. on Budget & Policy Priorities, The Ryan Budget's Tax Cuts: Nearly \$6 Trillion in Cost and No Plausible Way to Pay for It (Mar. 2013), available at <http://www.cbpp.org/files/3-17-13tax.pdf>.