



February 3, 2005

Making It Real

How to Talk About the Impact of Federal Budget Cuts on the People of Your State

In a December 16 speech about his economic agenda, President Bush said “we need to be tough when it comes to federal spending.” Tough on whom? Last year, the Bush Administration proposed massive reductions in low-cost housing, let inflation shrink child care funding for another year, and planned for FY 2006 cuts below this year’s levels in child nutrition programs, K – 12 education, and energy assistance. In addition, the Administration and some members of Congress pushed for reducing the federal commitment to fund health coverage for the poor, child welfare services, and other vital services. Most of these proposals were defeated, but many will be back. They can be defeated again – but only if people in states speak loudly and persuasively about the harm that proposed cuts will inflict on people and communities.

When the President releases his FY 2006 budget (February 7), and at each stage of the congressional budget process, concerned citizens can explain the likely impact to policymakers and the press. It is important that reporters hear how people are likely to be affected while they are writing stories about each budget proposal – otherwise they may be less able to exercise critical judgment about their proponents’ claims.

For advocates, that means being prepared to make a quick assessment of proposals, ***the same day they are released***, and to translate them, at least roughly, from national funding totals to impacts on people and budgets in the state. An initial analysis will not answer every question, and can be followed by something more in-depth. But this year especially, silence simply cedes the shaping of public debate to those who want to cut.

Below are resources to make it easier for advocates to place new proposals in context. You will find sources that cover multiple issues, and more detail on Medicaid, child care, the Earned Income Tax Credit, rental vouchers for low-income tenants, and nutrition programs.

The Coalition on Human Needs is working collaboratively with Connect for Kids to make communications professionals available to work with advocates who wish to make public comments about the effects of the budget in selected states. If your organization is interested in participating, please contact Deborah Weinstein, Coalition on Human Needs, at dweinstein@chn.org.

I. State Data and Analyses Covering Multiple Issues

The President’s Fiscal Year 2005 Budget (Last year’s submission – the new one will be for FY 2006, which starts on October 1, 2005). Includes links to tables with federal dollars received by 50 states plus territories for many programs, such as Medicaid, National School Lunch Program, Temporary Assistance for Needy Families, WIC, Title I Education Aid, etc. at <http://www.whitehouse.gov/omb/budget/fy2005/bis.html>. Each state’s share of federal funding for each program is listed, with complete figures for FY 2003 and estimates for FYs 2004 and 2005.

The Fiscal Survey of States, National Governors Association and National Association of State Budget Officers, December 2004. Includes 50 state tables showing the state budget and revenue picture, such as strategies used to reduce or eliminate budget gaps for FY 2004 (Table A-5). Report available at <http://www.nga.org/cda/files/FSS0412.pdf>.

2003 State Expenditure Report, National Association of State Budget Officers, 2004. Includes spending categories and trends by state, with detail on such programs as education, TANF, Medicaid, and transportation. <http://www.nasbo.org/Publications/PDFs/2003ExpendReport.pdf>

National Priorities Project. Website includes state fact sheets on federal education spending, veterans' benefits, prescription drug coverage, and more. There are also "Quick Reports" with data about hunger and poverty for each state. In addition, the website provides an automatic calculator that allows viewers to compare policy "tradeoffs" – for instance, how many people in their state could receive health care, or Head Start, for that state's share of certain military expenditures. Forthcoming in February 2005, the National Priorities Project will examine the President's proposed budget for Fiscal Year 2006 and provide state-by-state numbers on its impact on selected programs. Website: <http://www.nationalpriorities.org>.

The Human Costs of Cuts in Major Low-Income Programs Contained in the House Budget Resolution. Sharon Parrott and John Springer, Center on Budget and Policy Priorities, March 28, 2003. An analysis that estimates the program-by-program breakdown of a FY 2004 House of Representatives budget proposal that would have required cuts of \$165 billion in services and benefits for low-income people from FY 2004 – FY 2013. Includes Medicaid, TANF, child care, SSI, Food Stamps, etc. Makes estimates of how people might be affected. At <http://www.cbpp.org/3-27-03wel.htm>

State by State Data on Human Needs. Coalition on Human Needs. Compendium of state data on poverty, health, child welfare, labor, employment, state budget, disability, and education. At <http://www.chn.org/issues/statistics/state.html>.

State Income and Poverty Data. Coalition on Human Needs, September 2004. At <http://www.chn.org/dia/organizations/chn/pdf/incomepovertytables2003.PDF>. Includes data for each state from the U.S. Census Bureau from 2003, including overall poverty, child poverty, and families with incomes below \$35,000.

II. Medicaid

A. Background

State Fact Sheets: Background information for each state about people served, how Medicaid helps the state's economy, etc. Part of Families USA's Medicaid Action Center, at http://www.familiesusa.org/site/PageServer?pagename=Medicaid_Action

Federal Medicaid Funding (estimated) by State/Territory: Table 8-14 from the President's FY 2005 budget submission (released in 2004), at http://www.whitehouse.gov/omb/budget/fy2005/sheets/8_14.xls

Until the updated version is made available, this provides estimates of the Federal Medicaid funding to each state, and the percentage that amount is of total federal Medicaid spending.

State Medicaid Cuts: The Kaiser Commission on Medicaid and the Uninsured, "The Continuing Medicaid Budget Challenge: State Medicaid Spending Growth and Cost Containment in Fiscal Years 2004 and 2005." Kaiser Family Foundation, at <http://www.kff.org/medicaid/7190.cfm>

State Information: Families USA. Includes data about the uninsured, Medicaid, Medicare, children's health, etc., at http://www.familiesusa.org/site/PageServer?pagename=States_States1

Analyses of Proposals to Cap Federal Entitlement Programs:

Robert Greenstein and Richard Kogan, "Hensarling Substitute Would Mandate Massive Domestic Program Cuts, While Sanctioning Unlimited Tax Cuts." Center on Budget and Policy Priorities, June 24, 2004, at <http://www.cbpp.org/6-24-04bud2.htm>

Robert Greenstein and Richard Kogan, "Kirk Amendment to Budget Bill Would Require Large Domestic Program Cuts While Exempting Tax Cuts From Fiscal Discipline." Center on Budget and Policy Priorities, June 23, 2004, at <http://www.cbpp.org/6-23-04bud2.htm>

These analyses estimate that the Hensarling proposal would have cut Medicaid by \$332 billion over 10 years; the Kirk amendment would have cut Medicaid by \$175 billion over 10 years.

If new proposals are made to cap entitlements, or if these are reintroduced, CBPP will undoubtedly do new or updated analyses.

Analysis of Administration's FY 2005 Medicaid/SCHIP Block Grant Proposal: The Bush Administration proposed to convert Medicaid into a block grant that was estimated to cut \$1 billion in FY 2005 and \$16 billion over 10 years. For more information, see the Coalition on Human Needs budget analysis, page 26, at <http://www.chn.org/dia/organizations/chn/pdf/fy05budgetanalysis.pdf>.

B. For a Quick Assessment the Day the Budget is Released

Check CHN's Budget Basics Web Page on the afternoon after the budget is released to find an estimate of how large the Medicaid budget cut may be for your state. Families USA will provide calculations of how large the cut may be for each state, which we will post on the web page at <http://www.chn.org/issues/opportunityforall/budgetbasics.html>. This will be the easiest way to obtain information on how a Medicaid cut might affect your state.

If you opt not to use the information provided by Families USA, you can do your own rough estimate of how a block grant, entitlement cap proposal or other specific Medicaid cut would affect your state. Go to the Federal Medicaid Funding table (8-14) above (or to the new version once the President's FY 2006 budget is out), and go to the last column on the right (FY 2005 percentage of distributed total). If the new budget proposal includes an estimate of a dollar "savings" (cut) in Medicaid, you can calculate that percentage of the estimated federal cut to Medicaid. If no specific savings projections are listed, but the budget document indicates that the Administration will seek savings through a block grant, you can talk about last year's block grant proposal - \$16 billion over 10 years. To estimate Ohio's share of such a cut, for example:

$$\$16 \text{ billion} \times .0422 = \$675.2 \text{ million over 10 years}$$

If instead the budget proposes an entitlement cap, but does not include a specific estimate of a cut, you can do the same calculation based on the estimated cuts for the Hensarling or Kirk proposals, as a way of suggesting the severity of the cuts in your state, should an entitlement cap be imposed.

For example, to show the range of impact for the Hensarling and Kirk proposals on Ohio, calculate 4.22% of \$175 billion and of \$332 billion:

$$\$175 \text{ billion} \times .0422 = \$7.385 \text{ billion}$$

$$\$332 \text{ billion} \times .0422 = \$14.01 \text{ billion}$$

What this means: Over the next 10 years, Ohio could lose more than \$675 million if a block grant similar to last year's proposal were in place, or could lose from \$7 - \$14 billion in federal Medicaid

funds, if entitlement caps similar to proposals made last year are enacted. (This assumes that Ohio's share of the cut is the same as its share of federal Medicaid dollars as estimated in FY 2005.)

These cuts range from terrible to gargantuan. Just because the block grant proposal cuts less than the catastrophic entitlement cap proposals does not make it acceptable.

How do the proposals translate into human terms? Since none of the proposals say anything to states about how to live with the reduced federal funding, we can't know what any state would do. But you can place the dollar figures in context. For example, perhaps your state has already made Medicaid cuts. If you know both how much money was cut and how people will be affected, you can compare what has already happened with the estimated future reduction.

One convenient option is to visit the Kaiser Foundation's site, <http://www.statehealthfacts.kff.org>, click on Individual State Profiles and get information on Medicaid and SCHIP. You can find out how much Medicaid funds your state spends on particular services and how much is spent on particular populations. You may find that the average annual cut in your state is equal to, for example, the entire amount spent on physicians or the entire cost of care for the elderly.

Or you can compare the proposed cut amount to the number of people that figure would cover. The Medicaid spending data on this site includes total spending per enrollee.

Whichever comparisons you choose, it is important to emphasize that they are speculative. To be fair, emphasize that your state would not be expected to stop paying physicians or managed care plans altogether. Nevertheless, the state would have to make the cuts somewhere (most likely across a number of areas) – you are using these comparisons to illustrate the magnitude of the cuts being proposed.

III. Child Care

A. Background

The Administration has repeatedly signaled its opposition to increasing child care funding. For this budget, the greatest likelihood is continued flat funding, although it is possible they might propose an outright cut. Another year's worth of inflation will increase the projected loss of child care slots beyond the 300,000 listed in the President's FY 2005 budget.

Child Care Assistance Policies 2001-2004: Families Struggling to Move Forward, States Going Backward, Karen Schulman, National Women's Law Center, September 2004. Includes state tables for income eligibility, numbers on waiting lists, co-payments, and state reimbursement rates. Found at <http://www.nwlc.org/pdf/childcaresubsidyfinalreport.pdf>.

Child Care Programs Help Parents Find and Keep Jobs: Funding Shortfalls Leave Many Families Without Assistance, Jennifer Mezey, Center for Law and Social Policy, February 10, 2004. Includes state-specific examples of impact of funding shortfalls, at http://clasp.org/publications/CC_shortfall.pdf

President's FY 2005 Budget, Analytical Perspectives, Current Services Estimates. At <http://www.whitehouse.gov/omb/budget/fy2005/pdf/spec.pdf> Table 24-4, on page 361 includes beneficiary projections through FY 2009. For the Child Care and Development Fund (federal child care funding), they projected a loss of 300,000 child care placements from FY 2003 through FY 2009.

B. For a Quick Assessment the Day the Budget is Released

If the Administration includes a table similar to the one listed above in the FY 2006 budget, we will provide the information to you the day the budget comes out. On the afternoon the budget is released, the Center for Law and Social Policy expects to calculate how many children nationally could lose child care under the President's proposal. They hope to produce state-by-state estimates of child care slots lost in the days that follow the budget release. Check either CLASP's website, <http://www.clasp.org> or CHN's budget page at <http://www.chn.org/issues/opportunityforall/budgetbasics.html> to obtain this information when it is available.

If an updated national cut figure is provided by the Administration, we recommend that you cite it and say something like "The Administration admits that 300,000 (+) fewer children will receive child care nationwide over the next five years because of its failure to provide enough funds. In (your state), that means thousands of children in working families will not receive child care because the Administration has refused to add a dime to federal child care funding (or because they have cut it, if that's what happens).

If the Administration does not include the same table this year, but flat-funds child care again, you can still say something very much like the above. Such as: "The Administration has once again proposed to provide less child care over the next five years than was available in 2003. Last year, they admitted that their policies would mean that 300,000 fewer children would receive child care by 2009 – another year of failure to act will make it worse. In (your state), that means thousands of children..."

In addition, if your state has made cuts in child care recently (consult above reports), mention that the federal failure will add to the distress that has already been inflicted.

IV. Earned Income Tax Credit

A. Background

EIC Participation for Tax Year 2002, by State, Center on Budget and Policy Priorities, at <http://www.cbpp.org/eic2004/eic04-state-chart.pdf>. This table indicates both the number of tax filers who received the EITC by state and the total dollars those credits were worth.

The Administration has criticized the EITC because of its error rates, and has embarked on a phased-in program to require more documentation from EITC filers. It is possible that the EITC might be targeted for further cuts, from an across-the-board reduction in entitlements or by some other means. If such a cut is proposed, we will let you know.

B. For a Quick Assessment the Day the Budget is Released

Should there be a cut, we suggest that you say something like: "More than 269,000 working people in Arkansas received the Earned Income Tax Credit in 2002, bringing more than \$508 million into the state. The Administration is targeting these low-income parents and other poor workers with cuts they cannot afford. These cuts are unfair and unwise and Congress should reject them."

V. Rental Housing Vouchers

A. Background

Frequently Asked Questions About the Administration's FY 2005 Housing Voucher Proposal, Barbara Sard and Will Fischer, Center on Budget and Policy Priorities, July 9, 2004, at <http://www.cbpp.org/7-9-04hous.htm>. Includes helpful explanation of the Administration's proposal to cut Section 8 housing vouchers. Estimates that the proposed reduction, if implemented only through rent increases, would mean an \$850 annual increase in 2005, rising to a \$2,000 annual increase by 2009 per household.

Local Effects of Proposed Cuts in Federal Housing Assistance, Public Housing Agency Data, By State, Center on Budget and Policy Priorities, March 17, 2004, at <http://www.cbpp.org/3-17-04hous-states.htm>. For each state, a table is included listing data for each housing authority and a state total. Data include existing numbers of and funding for housing vouchers, and two estimates of the way the proposed cut by the Bush Administration in its FY 2005 budget could take effect: if vouchers were eliminated, or if no vouchers were eliminated and instead rents were raised.

Press accounts indicate that the Administration plans to propose cuts to the Section 8 rental housing voucher program again, although we do not know yet whether the same proposal will be introduced.

B. For a Quick Assessment the Day the Budget is Released

If cuts similar to last year's are proposed, the state and local detail provided by the Center on Budget and Policy Priorities should be very helpful in crafting your response. For example, "The Administration has continued its attack on low-income families by repeating its proposal to slash rental housing help. Last year, their proposal would have either deprived 9,680 low-income Pennsylvania families of rental help or would have increased rents by over \$650 in the first year alone. Congress wisely rejected this proposal last year and should do so again."

VI. Nutrition Programs

State of the States 2004, A Profile of Food and Nutrition Programs Across the Nation, Food Research and Action Center, April 2004, at <http://www.frac.org/html/news/State%20of%20the%20States.2004.pdf>.

Provides state-by-state data about participation in food stamps, child nutrition and emergency food programs. In addition to state participation data for these programs, the publication includes links to other sources of nutrition data with state specifics.

VII. Talk About Families, Not Just Programs

Consider pointing out several cuts or freezes in the budget that all hit the same families. For example: "Working families struggling to raise children and pay their bills in Maine have been whacked over and over in the President's budget. Nearly one-third of Maine's families have incomes below \$35,000 (32.4 percent in 2003). If the President's budget is approved, they will be less likely to get help with health coverage, less likely to receive their Earned Income Tax Credit, and less likely to get help with child care." (Modify this based on what you know about your state – if such families have already

experienced reductions in services or benefits because of state cutbacks, say that the federal cuts are a new blow to families already reeling.)

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