

## NUL-IOE FACT SHEET: Impact of Proposed Budget Cuts to Entitlement Programs on African Americans

National Urban League Institute for Opportunity and Equality

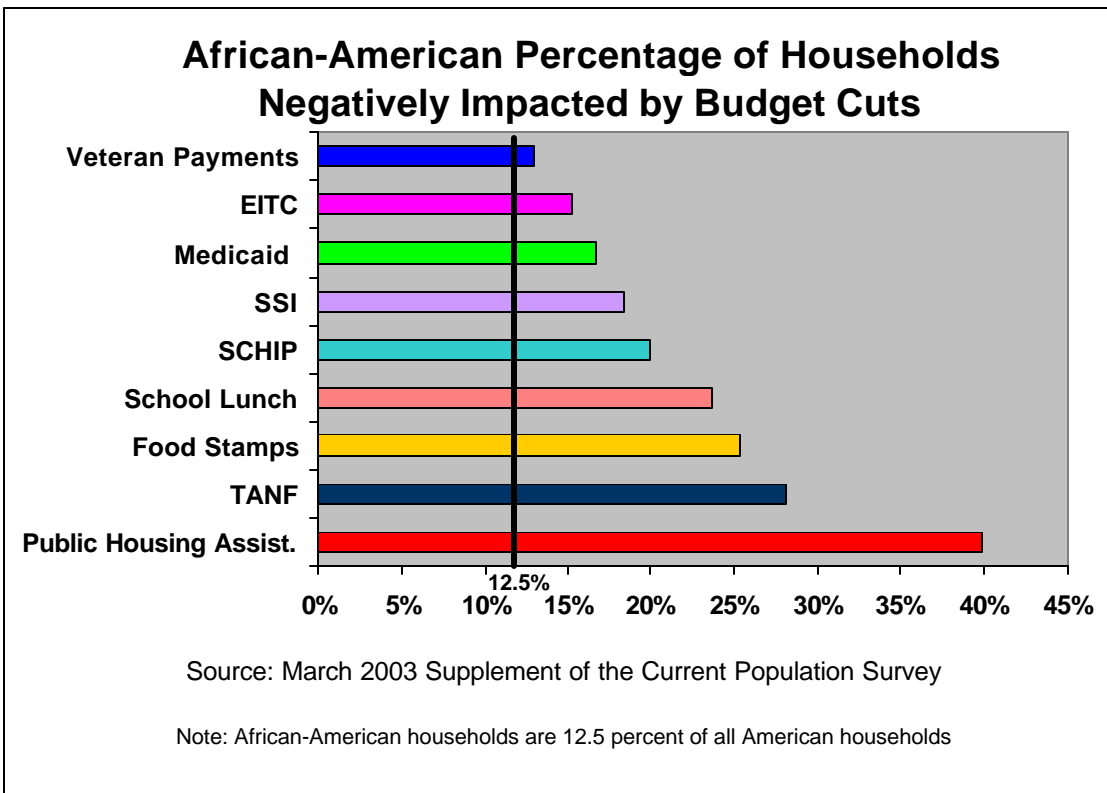
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### Overview

**If the Family Budget Protection Act is enacted it would require entitlement cuts totaling \$1.8 trillion over the next ten years. According to a report by the Center on Budget and Policy Priorities, by 2010 the required entitlement cuts would reduce the programs by nearly 20 percent. These proposed budget cuts would have a disproportionate negative impact on African-American households and children.**

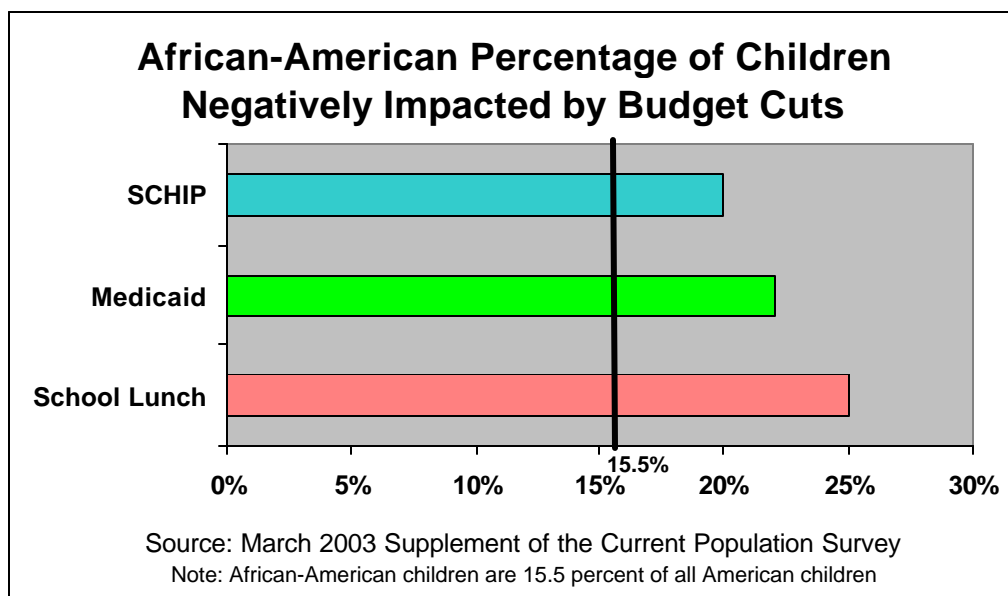
### Who would be Harmed?

- There are several entitlement programs where African Americans would be disproportionately harmed by the severe budget cuts.
- The following table shows some of the entitlement programs and the African-American percentage of American households that would be negatively impacted by the cuts.
- While African-American households are only 12.5 percent of American households, they are 40 percent of the households that would be harmed by the cap on public housing assistance, and 25.4 percent of the households that would be hurt by caps on Food Stamps.



### What about the Children?

- The proposed budget cuts would disproportionately hurt African-American children. Because of higher poverty rates (31.3 percent) and less access to group health coverage through their parents' work (only 44 percent have such coverage), programs like school lunches, Medicaid and the State Children's Health Insurance Program (SCHIP) are a vital public investment in the development of the potential of African-American children.
- While African-American children comprise only 15.5 percent of all American children, they are 25 percent of the children hurt by the cap on school lunches, 22 percent of the children harmed by the cap on Medicaid, and 20 percent of the children negatively impacted by the cap on SCHIP.
- The percentage of African-American children covered by Medicaid increased from 37.8 percent in 2001 to 41.3 percent in 2002 showing a shift away from group coverage through their parents' health insurance. The proposed entitlement cuts to the Medicaid program would drive more African-American children into the pool of the uninsured.



### Recommendations

- Oppose the *Family Budget Protection Act*. It is an unfair and ineffective approach to reducing the massive federal deficit. The ongoing pursuit by some for unpaid-for tax cuts is draining our federal resources and providing a false excuse for cutting vital federal programs that serve our most vulnerable populations—our children, the elderly, our veterans, the working poor, the disabled, among others.
- The current deficit dilemma can be attributed largely to tax cuts enacted since 2001, rather than entitlement spending. According to the Center on Budget and Policy Priorities, tax cut legislation accounts for 31 percent of the shift from surpluses to deficits, while entitlements only account for 8 percent.
- A more balanced approach for reigning in deficits is to instead re-instate the 1990s bipartisan “pay-as-you-go” (PAYGO) rule for five years in order to prevent further massive tax cuts and escalating deficits. The PAYGO rule requires any legislation—either new tax cuts or expenditures—to be paid for either by other tax increases or spending reductions.

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*The Urban League is the nation's oldest and largest community-based movement empowering African Americans to enter the economic and social mainstream. The National Urban League, headquartered in New York City, spearheads the nonprofit, nonpartisan movement, while Urban League affiliates operate in more than 100 cities in 34 states and the District of Columbia. For more information on the League visit [www.nul.org](http://www.nul.org)*