



# COALITION ON HUMAN NEEDS

## **Three House Committees to Make the Poor and Vulnerable Pay for Tax Breaks for the Wealthy**

### **House Committee on Ways and Means: Low-Income Programs on Chopping Block**

While the budget resolution passed by Congress last May directed this committee to cut \$1 billion, Chairman Thomas (R-CA) is complying with a House leadership push to cut far more – about \$8 billion, the majority affecting low-income children, elders, and people with disabilities.

**Poor children in foster care:** Targets of the Ways and Means cuts: certain poor grandparents or other relatives caring for their relative's children. If those children are living with their poor relatives because they were removed from their parents' home, a federal appeals court ruled that their relative caregivers' low income should qualify them for federal foster care assistance. The Ways and Means cut would overturn this ruling by requiring the child's eligibility to be based on the financial circumstances of their parents when they were living with them (even though that's not where the child has been living). The bill also would limit foster care assistance to relatives by imposing strict licensing requirements on a fast timetable – those who couldn't comply would lose support. Together, these cuts would amount to about \$600 million over 5 years. The impact on families: in the nine states under the appeals court's ruling (including California and other western states), some states may replace foster care assistance with smaller TANF payments. Other states may pick up all the foster care costs. The twin restrictions on relative care will result in some children being separated from their family members and placed in other foster care homes – a further disruption in the children's lives.

**Poor elders or people with disabilities:** The House Ways and Means proposal would cut \$730 million over 5 years by making poor seniors or people with disabilities wait longer for Supplemental Security Income (SSI) payments they are owed. In effect, the federal government would force poor elderly and/or sick people to lend it money that will be used to pay for tax cuts for the well-heeled. SSI typically takes many months to approve new cases while applicants hang on, piling up bills with little or no other income coming in. Once approved, people now can receive a lump sum payment of up to 12 months of back benefits, helping them to pay off debt. The new proposal would only allow a lump sum of up to 3 months, with the rest paid out in installments. Part of the savings to the federal government will occur because some people will die and never receive the remainder they are owed. (In contrast to the proposal to eliminate the estate tax for the richest 1 percent of estates, poor SSI recipients would in death be taxed at 100 percent of their still-owed benefits.) Ironically, another Ways and Means proposal would increase the reviews of SSI applications, further delaying approval and the amount that would be owed.

**Children owed child support:** Child support payments lifted one million children out of poverty in 2002 and encourages work among single parents by providing an essential supplement to earnings. Every dollar invested in child support enforcement results in \$4.38 in collections. Nearly \$22 billion was collected in 2004 at a total cost of \$5.3 billion. The Ways and Means answer to this success? Cut child support enforcement by nearly \$5 billion over 5 years by steadily reducing the federal share of the costs. According to a preliminary estimate by the Congressional Budget Office, slashing this much from enforcement efforts will mean a 5-year loss of \$7.9 billion in collections that would otherwise have gone to support low-income children. Over 10 years, the loss to children in single-parent families is estimated at \$24.1 billion. The rationale for cutting is that the 66 percent federal share of enforcement costs (the rest paid by states) is higher than the match rates paid in other programs such as TANF or Medicaid. That is not uniformly true – the federal share of TANF and Medicaid costs can reach up to 80 percent. The current child support enforcement cost is a good deal for the federal government, because greater collections have saved billions in public assistance payments.

**Families leaving welfare for work:** The Ways and Means bill shoehorns in their legislation to reauthorize Temporary Assistance for Needy Families and the child care block grant. Put TANF in the context of a bill to cut spending, and the result is not enough money to cover even the inflation costs of child care, much less the increased demands from the bill's harsher work rules. That means in 2010 270,000 fewer children will receive child care assistance than in 2004.

The bill claims to add a net \$1 billion in TANF spending over 5 years. In reality, no money is added over current expenditures. The bill continues the \$319 billion a year in existing supplemental grants to low-income states which are counted misleadingly as new money. The real new spending in the bill – a meager \$500 million over 5 years for child care and \$1 billion for marriage promotion activities – is paid for by eliminating current bonuses to states for high performance in job placement, retention, earnings, families' access to certain support services, and reduction of out of wedlock births. Earlier versions of the House TANF bill included double the new child care funding (still inadequate) and reduced but did not eliminate the bonus for states' welfare to work high performance. Even though the bill effectively reduces the resources states will have to help parents find and keep jobs, the bill ratchets up the work requirements – rising to 70 percent of the caseload required to work 40 hours a week while receiving assistance, while reducing access to vocational education and other services that would help parents leave assistance for work at real jobs with decent pay.

### **House Committee on Agriculture: Big Cuts to Food Stamps**

The Senate Agriculture Committee found the need for Food Stamps so compelling that they rejected all cuts to the program. They were right – Food Stamps is an effective program that serves 25 million low-income Americans, including 13 million children, providing for basic nutrition at an average cost of less than \$1 per meal. The program has achieved record-setting levels of accuracy. In the aftermath of Hurricane Katrina, the

Food Stamp Program demonstrated its effectiveness by its quick service to the hundreds of thousands of survivors who needed emergency help.

In the face of this, the bill passed by the House Agriculture Committee cuts \$844 million from Food Stamps over 5 years. \$3.7 billion is cut from all agriculture programs – more than the \$3 billion they were instructed to cut by the budget resolution. The bill goes along with a cut proposed by the Bush Administration (and rejected by the Senate committee) that the Congressional Budget Office now estimates would exclude an estimated 225,000 people from the Food Stamp Program – mostly low-income families with children trying to make the transition to work. (The Bush Administration had estimated this provision would deny benefits to 300,000 people.) In addition, the bill increases to seven years the time low-income legal immigrants must wait to receive Food Stamps (now they must wait five years). This provision will hurt 70,000 immigrants.

### **House Energy and Commerce Committee: Medicaid Cuts Target Those Who Cannot Afford to Pay**

While the Senate Finance Committee made an effort to spare poor beneficiaries by making cuts in Medicare and Medicaid intended to avoid higher costs or restricted care, the House Energy and Commerce Committee is proposing many changes to make children, families, elders, and people with disabilities pay more and/or receive less. Those with incomes at or above the poverty level will for the first time be subject to pay for premiums if states choose to impose them. Except for children in families below the poverty line, pregnant women and a few others, states can require Medicaid recipients to pay towards the cost of medical and prescription drug costs, up to 5 percent of their income. States will also gain the authority to restrict the Medicaid benefits package for some beneficiaries.

The House bill includes a one-time \$1 billion increase in Low-Income Home Energy Assistance (LIHEAP) funds (various other proposals in Congress increase LIHEAP funds for more than one year). The Senate Finance Committee bill closes loopholes related to people transferring assets in order to qualify for Medicaid nursing home care. The House bill imposes many more restrictions, some of which may exclude people who are not sheltering assets.

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