



The 2012 Federal Budget Negotiations and the Threat to API Women and families

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Introduction

With the urgent need to raise the debt ceiling before August 2nd 2011, negotiations over the 2012 federal budget is being used as a trillion dollar bargaining chip; but this fiscal battle is more than just dollars and cents. The negotiations happening now threaten to unravel the safety net that has protected generations of Americans.

Fiscal conservatives are using concern of record deficits to push spending austerity proposals that threaten to devastate working families. They perpetuate the false notion that safety net programs are growing out of control, when in reality the cost of two unfunded wars and Bush-era tax cuts account for almost half of the \$20 trillion in federal deficit

(Figure 1). Costs for safety net programs and economic recovery costs are also temporary, whereas the tax cuts and war costs are longstanding.

At the heart of the budget debate is the push and pull between revenue and spending. The government can reduce the deficit by cutting federal spending and/or raising revenue. Spending-only enforcement occurs when costs are lowered only through spending cuts, rather than balanced with revenue generation. Unfortunately, conservatives are using spending-only enforcement while simultaneously demanding \$4.2 trillion dollars in tax credits for the super-wealthy. Not only does this starve the government of needed revenues as the

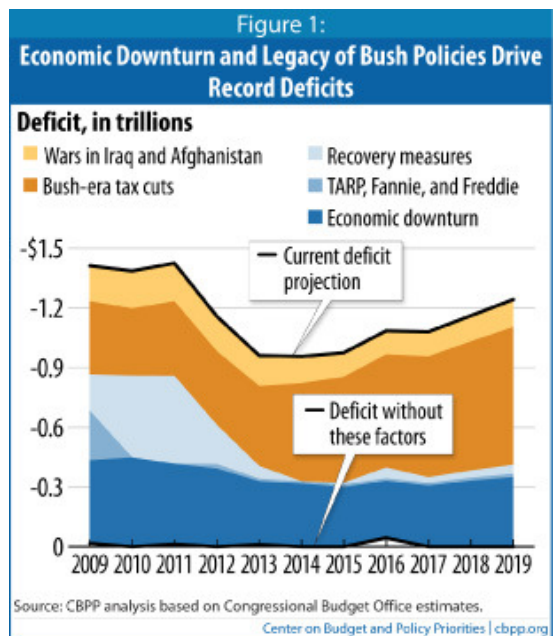
country struggles to recover from the "Great Recession", but also threatens public safety net programs at a time when millions of Americans are un- and under-employed. As Asians and Pacific Islanders (API) are the fastest growing race within the last ten years (43.3% and 35.4% increase, respectively), the implications for the API community is significant.²⁰

This issue brief analyzes three proposals for balancing the nation's budget (1) the Ryan Plan, (2) the Congressional Progressive Caucus' plan, and (3) the President's budget request and what they mean for API women. It also describes the impact of the Ryan Plan on public safety net programs.

Background: What is the Debt-Ceiling?

The debt ceiling is our nation's Treasury credit limit; it allows us to borrow money, something all governments must do, in the form of treasury bonds. If the US did not raise the debt ceiling, the federal government would default on its obligations, undermining international creditor trust in the Treasury and cause

treasury rates to rise.² Because the treasury rate is the foundation for U.S. interest rates, economists speculate that ruining it would destabilize the U.S. and international economy.³ This is why the ceiling has always been raised, and why the United States is the only nation in the world with this kind of debt ceiling.



The Ryan Budget

The House Budget Committee adopted the “Ryan Plan” as its 2012 federal budget proposal on April 15, 2011. As a budget resolution, it outlines priorities for 19 general spending categories. Although the Ryan Plan was not adopted by the Senate, its function is to serve as a starting point for budget negotiations and guide spending plans for House subcommittees.

In the Ryan Plan, House fiscal conservatives are pushing sweeping cuts on infrastructure and programs serving low and middle income households, seniors, women, and individuals with disabilities. Within it, already strained programs like Medicaid, SSI, and housing assistance, would bear two-thirds of all proposed cuts, or an estimated \$2.9 trillion over the next ten years⁶.

The Ryan Budget also asks low and middle income individuals to sacrifice while simultaneously extending the Bush-era tax cuts and waiving estate taxes to benefit the wealthy⁷. Considering the Bush tax cuts alone, the top 5% would get 47% of the tax cuts, while the bottom 60% would only receive 13% of the tax cuts⁸. Another proposal would cut child tax benefits and modify the Earned Income Tax Credits (EITC), to effectively eliminate any gain for low and middle income mothers.⁹ This is especially perverse because federal tax rates for corporations and the wealthy are the lowest they have been in at least 60 years.¹⁰ What’s more, a realistic estimate demonstrates the Ryan Plan would reduce the

deficit by only \$380 billion over 10 years¹².

Impact of Cuts to Public Benefits Programs

Health care

The Ryan Plan makes the largest spending cuts to federal health care programs.¹³ In particular, it continues the conservative effort to repeal and defund the Patient Protection and Affordable Care Act (ACA) by slashing \$2.2 trillion from efforts to implement the new law.¹⁴ In addition, the Ryan Plan would cut the tax credits for low and middle income families that were intended to help families afford the cost of obtaining health care insurance. Given that there are nearly 2.4 million uninsured APIs, the loss of these tax credits would make health care unaffordable for many API women and their families. In the four states with the largest API communities (California, Texas, New York, and Hawaii), budget cuts to Medicaid, Medicare and ACA funding would total over \$650 billion, equaling almost 30% of the health care cuts.³⁰

Medicaid

The Ryan Plan would also threaten the quality of coverage for the existing 2.1 million APIs currently enrolled in Medicaid by cutting \$771 billion (approximately 20%) from the program over the next ten years.¹⁷ It proposes to convert Medicaid from an entitlement grant, which provides funding as long as participants

qualify for services, into a \$1.4 trillion block grant. This would arbitrarily reduce federal payments for needed services, even as the population grows, baby boomers retire, and health care costs rise.²¹

Limiting federal funding for Medicaid also has a trickle-down effect on states. Currently, the federal government helps maintain vital services by matching 50-76% of state contributions to Medicaid²⁸ and 100% percent for ACA recipients.²⁹ Yet recent severe budget shortfalls have caused 42 states and the District of Columbia to make extreme program cuts.²⁶ API women that already face grave health disparities, will have their problems further exacerbated, since 59% of the Pacific Islander women population in the U.S. are insured by Medicaid (as compared to 20% of the general population).³¹ This is also particularly damaging for women’s reproductive health as 71% of family planning funding comes from Medicaid and 90% of that fund is currently matched by the federal government.³² This will disproportionately impact low income API women who, in 2008, made up almost 67% of API Medicaid recipients, and Pacific Islander women made up almost 75% of PI Medicaid recipients.

SNAP and Other Programs

The remaining \$750 billion will come from cuts to safety net programs like food stamps or Supplemental Nutrition Assistance Program (SNAP), Temporary

Assistance to Needy Families (TANF), Supplemental Security Income (SSI), child-care assistance and housing.²² Cuts to these programs are particularly devastating after an economic recession when more people are un- and under-employed and depend on safety net programs to remain housed and fed. Although, safety net programs only accounted for 14% of the budget, they bear cuts that are disproportionately high (Figure 2).²³

API women make up the majority of API individuals that receive assistance from public benefits programs. Steep cuts to TANF and SNAP benefits would be especially detrimental to ensuring nutritional quality for API women and their families.²⁴

On top of the cuts to programs for low-income families are an additional \$126 billion cuts to Pell Grants, employment training, and social services. Based on analysis of the National Postsecondary Student Aid Survey (2008), APIs have greater financial need than other racial groups taking into account expected family contribution and total aid.²⁵ This means that the Ryan Plan not only stifles economic recovery, it also bars educational opportunity for API girls across the nation.

The Ryan Plan is the blueprint for one vision of the federal government's relationship to its citizenry and is being used to shape our future. In this worldview, fiscal austerity only applies to low and middle income households. In fact, the \$4.5 trillion in cuts to the public safety net would largely go to subsidize

\$4.2 trillion in tax cuts for billionaires.¹¹

Congressional Progressive Caucus's Budget Proposal

In contrast, the Congressional Progressive Caucus (CPC) budget proposal eliminates the deficit and results in a \$30 billion surplus by 2021.³³ It is the most effective proposal to reduce the deficit as a measure of GDP.³⁴ It also protects safety net programs, Medicaid, Medicare and other services while ending emergency war spending (saving \$1.8 trillion over ten years), and investing \$1.45 trillion in job creation, education, clean energy, infrastructure, and housing. It achieves this by balancing spending cuts with tax reform that includes closing corporate tax loopholes, ending the Bush-era taxes, and re-establishing the estate tax. The bottom line financially (in trillions):

- Deficit reduction = \$5.6
- Total spending cuts = \$1.7

- Revenue increase = \$3.9
- Public investment = \$1.7
- Projected budget surplus = \$31 (billion) in 2021

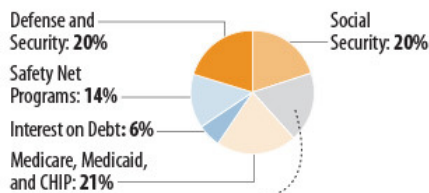
Unfortunately, the CPC plan is not guiding the budget discussions on the Hill as conservatives continue to push more dangerous and short-sighted proposals forward.

President Obama's Budget Proposal

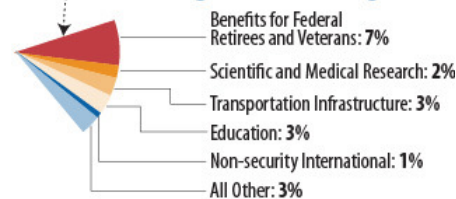
In comparison, the President's proposal is a compromise between the CPC's and the House-passed Ryan proposal. It proposes \$4 trillion in deficit reduction through spending cuts and tax reform.³⁶ While it protects Pell Grants and expands the ACA, it also caps Medicare growth per beneficiary to a portion of GDP starting in 2018. President Obama proposes to generate revenue by closing tax loopholes, which will "broaden the base" and curtail tax deductions. This will result in businesses contributing more in taxes while reducing the overall tax rate. However, the revenue generated would not eliminate the deficit and it is the least fiscally sustainable of the three proposals.³⁷

In addition, what is unique and controversial about Obama's plan is his proposal of a debt failsafe to be implemented in 2014 if the debt-to-GDP ratio isn't stabilized. Experts are concerned that such a trigger could require the deepest budget cuts when the economy is the weakest and the smallest cuts when the economy is strongest.³⁸

Most of Budget Goes Toward Defense, Social Security, and Major Health Programs



Program Areas in the Remaining Fifth of the Budget



Source: 2010 figures from Office of Management and Budget, 2011.
Note: Percentages may not total 100 due to rounding.

Conclusion

Fiscal conservatives claim to want to reduce the deficit but by relying solely on spending cuts, extending tax breaks for the super-wealthy, and refusing to consider new revenue, they are behaving irresponsibly. In contrast, a more balanced

approach includes a combination of budget cuts, tax reform, and investment in infrastructure and economic recovery measures. It protects and expands existing programs to protect more people and reduce costs.

Cuts to healthcare and safety net programs harm those who are most vulnerable and disproportionately impact low

income API women. If API women are stripped of basic human rights to food, shelter and (reproductive) health, their human rights to political, social, economic power are attacked.

Take action with us to ensure a fair and humane budget is passed.

¹ Scott Keyes, Graham Explains What Happens If GOP Blocks Debt Ceiling Increase: 'Collapse and Calamity Throughout The World', Think Progress, January 6, 2011, <http://thinkprogress.org/politics/2011/01/06/137713/graham-debt-ceiling/>

² Robert Greenstein, The Last Word: Debt Ceiling 101, MSNBC <http://www.msnbc.msn.com/id/21134540/vp/42543221#42543221>

³ *Id.*

⁴ Kathy Ruffing and James R. Horney, *Economic Downturn and Bush Policies Continue to Drive Large Projected Deficits: Economic Recovery Measures, Financial Rescues Have Only Temporary Impact* Figure 1, Center on Budget and Policy Priorities, May 10, 2011.

<http://www.cbpp.org/cms/?fa=view&id=3490>

⁵ Quinn Bowman, Obama and Boehner Take Center Stage as Republicans Walk From Biden Talks, PBS Newshour, June 23, 2011, <http://www.pbs.org/newshour/rundown/2011/06/obama-and-boehner-take-center-stage-as-republicans-walk-from-biden-talks.html>

⁶ Robert Greenstein, *Chairman Ryan Gets Nearly Two-Thirds of His Huge Budget Cuts From Programs for Low-Income Americans*, Center on Budget and Policy Priorities, pg. 2, <http://www.cbpp.org/files/4-5-11bud2.pdf>

⁷ House Committee on the Budget, *The Path to Prosperity*, <http://budget.house.gov/UploadedFiles/PathtoProsperityFY2012.pdf>

⁸ Citizens for Tax Justice, *The Bush Tax Cuts After Ten Years*, <http://www.ctj.org/bushtaxcuts10yrs/us.pdf>

⁹ Americans for Responsible Taxes, NWLC Report: McConnell Tax Plan Would Leave 30 Percent of Single Mothers Behind, <http://www.responsibletaxes.org/resources/nwlc-report-mcconnell-tax-plan-would-leave-30-percent-of-single-mothers-behind/>

¹⁰ Michael Linden, Seth Hanlon, Jordan Eizenga, Ten Charts that Prove the United States Is a Low-Tax Country, June 10, 2011 http://www.americanprogress.org/issues/2011/06/low_tax.html

¹¹ Kathy Ruffing, "House Budget Committee: Mistakes Were Made," OfftheCharts blog, April 13, 2011, <http://www.offthechartsblog.org/house-budget-committee-mistakes-were-made;> House Committee on the Budget, Revised Summary Tables, updated April 11, 2011, <http://budget.house.gov/UploadedFiles/SummaryTables.pdf>.

¹² *Id.*

¹³ Greenstein, *supra* n. 5, at 2.

¹⁴ National Asian Pacific American Women's Forum, NAPIWF Statement on the President's signing Health Reform Bill. <http://napiwf.org/newsroom/press-releases-statements/>

¹⁵ The Henry J. Kaiser Family Foundation, *The Role of Health Coverage for Communities of Color* Figure 10, Nov. 2009, <http://www.kff.org/minorityhealth/8017.cfm>

¹⁶ National Women's Law Center, *Women and Health Care Reform At-A-Glance* 1(2010), http://www.nwlc.org/sites/default/files/pdfs/HCR_AtAGlance_Fact%20Sheet.pdf

¹⁷ The Henry J. Kaiser Family Foundation, *supra* n. 13

¹⁸ Greenstein, *supra* n. 5, at 2.

¹⁹ Angeles, January, *Ryan Medicaid Block Grant Would Cause Severe Reductions in Health Care and Long-term Care for Seniors, People with Disabilities, and Children*, Center on Budget and Policy Priorities, <http://www.cbpp.org/files/5-3-11health.pdf>

²⁰ U.S. Census Bureau, 2010 U.S. Census Data, *Redistricting Data Graph*, <http://2010.census.gov/2010census/data/>

²¹ Greenstein, *supra* n.5, at 2.

²² *Id.*

²³ Center on Budget Policy and Priorities, *Policy Basics: Where Do Our Federal Tax Dollars Go?* Chart, <http://www.cbpp.org/files/4-14-08tax.pdf>

²⁴ Lora Jo Foo, *Asian American Women: Issues, Concerns, and Responsive Human and Civil Rights Advocacy* (2nd edition), 2007, p.9, Lincoln: iUniverse, Inc.

²⁵ CARE and APIASF, CARE Report, pg. 26, http://www.apiasf.org/CAREreport/2010_CAR_E_report.pdf

²⁶ Elizabeth McNichol, Phil Oliff, and Nicholas Johnson, *States Continue to Feel Recession's Impact*, June 17, 2011, <http://www.cbpp.org/files/9-8-08sfp.pdf>

²⁷ Lora Jo Foo, *supra* n. 21, at 11.

²⁸ Kaiser Family Foundation. (2007, October). *Medicaid's Role for Women*. http://www.kff.org/womenshealth/upload/7213_03.pdf

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<http://www.kff.org/healthreform/upload/8149.pdf>

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<http://www.familiesusa.org/budget-battle/House-Republicans-Slash-Health-Coverage-Funding.pdf>

³¹ Foo, *supra*, at pg. 194-197

³² Kaiser Family Foundation. *Supra* n. 25

³³ Congressional Progressive Caucus, *The People's Budget, Budget of the Congressional Progressive Caucus Fiscal Year 2012*, <http://grijalva.house.gov/uploads/The%20CPC%20FY2012%20Budget.pdf>

³⁴ *Id.*

³⁵ *Id.*

³⁶ The White House, *Fact Sheet: The President's Framework for Shared Prosperity and Shared Fiscal Responsibility*, www.whitehouse.gov/the-press-office/2011/04/13/fact-sheet-presidents-framework-shared-prosperity-and-shared-fiscal-resp

³⁷ Congressional Progressive Caucus, *The People's Budget, Budget of the Congressional Progressive Caucus Fiscal Year 2012*, <http://grijalva.house.gov/uploads/The%20CPC%20FY2012%20Budget.pdf>

³⁸ Center on Budget and Policy Priorities, *Statement: Robert Greenstein on President Obama's Deficit Reduction Plan*, <http://www.cbpp.org/cms/index.cfm?fa=view&id=3469>