

Iowa Fiscal Partnership *fiscal facts*

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IN THE BUDGET BALANCE

SCALES TIPPED AGAINST LOW-INCOME WORKING IOWANS

Budget negotiations in Washington will have serious implications for federal funding of services in Iowa. Unless noted, the following information is from the Center on Budget and Policy Priorities.

WHAT IS THE MAIN DIFFERENCE BETWEEN THE HOUSE AND SENATE?

For mandatory — or “entitlement” — services for low-income people, the House budget plan calls for **\$30 billion to \$35 billion in cuts – or about 10 times the cuts in the Senate budget plan.** These services include Medicaid, food stamps, the Earned Income Tax Credit (EITC), Supplemental Security Income (SSI), foster care and adoption assistance, Temporary Assistance for Needy Families (TANF), and child care. The House plan potentially hits all of those services; the Senate plan, only Food Stamps.

WHAT IS THE MAIN SIMILARITY BETWEEN THE HOUSE AND SENATE?

The House and Senate budget plans both include more than \$100 billion in tax cuts, mostly for upper-income households. At the same time they are proposing **big tax breaks for the wealthy**, many lawmakers are considering a **tax increase on low-income Americans by cutting the EITC.**

WHAT IS AT STAKE FOR IOWANS IN BUDGET TALKS IN CONGRESS?

From 2006 through 2010, the House Budget Resolution would mean a loss to Iowa of between **\$234 million and \$297 million.** These include:

- Potential total cuts in Medicaid funding **between \$129 million and \$173 million**
- Potential total cuts in Food Stamps (if half of Agriculture Committee cuts) **\$19 million**
- Potential total cuts in Food Stamps (if all of Agriculture Committee cuts) **\$38 million**
- Loss of SSI benefits to low-income elderly and people with disabilities **\$24.5 million**
- Loss to working families who qualify for the Earned Income Tax Credit **\$29.6 million**
- Key human service programs in Iowa could be cut by **\$32.6 million.** That includes **\$18.9 million** for Temporary Assistance to Needy Families (TANF), **\$6.9 million** in foster care and adoption assistance, **\$4.5 million** in child support enforcement, and **\$2.3 million** from the social services block grant.

The above figures assume Iowa’s share of the cut in a program would equal its share of federal funding for that program in the most recent year for which data are available.

HOW MANY IOWANS BENEFIT FROM THE SERVICES BEING TARGETED?

- Medicaid, low-income individuals (June 2003) **261,000**
- SCHIP, or *hawk-i* in Iowa, health care for children (December 2003) **31,000**
- Earned Income Tax Credit (EITC) (2003) **165,000**
- Supplemental Security Income (December 2003) **42,000**
- Food Stamps (FY2004 – average monthly number of individuals) **179,000**
- Temporary Assistance to Needy Families (TANF) (2004 avg. monthly no. of individuals) **54,600**
- Foster Care/Adoption Assistance (FY2003 – average monthly number of children) **5,700**