

## UNBALANCED BOTTOM LINE

### A Quick Look at Implications for Iowa in the Federal Budget

Services to thousands of Iowans are in jeopardy as a result of the new budget agreement approved in Congress. At the same time the U.S. House and U.S. Senate have approved \$106.2 billion in tax cuts for the wealthiest families, they have demanded \$30.5 billion in cuts in mandatory services such as Medicaid and Food Stamps. Here is a quick look at the importance of these services to Iowans.

#### **MEDICAID – No. of Iowans served: 261,000 (2003)**

■ There are \$10 billion in cuts to entitlement programs under the jurisdiction of the Senate Finance Committee. Medicaid is expected to bear most or all of these cuts.

#### **FOOD STAMPS – No. of Iowans receiving: 154,000 (2003)**

■ This new budget agreement directs the House and Senate Agriculture Committees to come up with cuts of \$3 billion. Food Stamp assistance to low-income families and individuals is in jeopardy.

#### **TAX CUTS – \$106 billion over five years**

■ Tax cuts widely expected to result from the agreement are extension of capital gains and dividend tax cuts, helping mainly high-income families.

#### **SLOWING DEFICIT REDUCTION**

■ Despite the claims of proponents, this package does not encourage deficit reduction, but actually slows it down. According to the Congressional Budget Office, the projected deficit will increase by \$168 billion more than if current law were left in place.

#### **POINTS WORTH NOTING:**

■ Food assistance and health-care services for low-income Iowans and other low-income Americans did not cause the current deficit, but causes of the deficit – particularly tax cuts – are being expanded and will make it worse.

■ Just the projected increase in interest costs resulting from this agreement – \$36 billion – are greater than the “savings” from entitlements.

#### **THOUGHTS WORTH QUOTING:**

■ “This country cannot conduct a war and adequately fund domestic programs while continuing to cut taxes. The U.S. Congress and the administration have chosen to cut health care and subsistence programs for our most vulnerable citizens – low-income children, disabled and the elderly – while continuing to cut taxes for the wealthiest citizens.”

– Leila Carlson, executive director, National Association of Social Workers, Iowa Chapter.

■ “The resolution is really jeopardizing essential services for young children in particular, under Medicaid and in educational and human service programs. It’s even more critical in the coming months to advocate for these essential services and raise concerns to our congressional delegation.”

– Charles Bruner, executive director of the Child & Family Policy Center in Des Moines.

■ “Tax cuts for the wealthiest people in America are putting services to our nation’s most vulnerable people in jeopardy. These choices being made in Congress are indefensible.”

– David Osterberg, executive director of the Iowa Policy Project in Mount Vernon.