

## ON THE CHOPPING BLOCK

### Outline of Iowa Beneficiaries and Threats to Federal Services

Many services now threatened in negotiations in Washington for the two-months-late federal budget are counted upon by thousands of Iowans. As state-by-state numbers are not available for these potential cuts, following is an outline of Iowa beneficiaries of selected services that face cuts nationally, and a summary of what's at stake between the House and Senate proposals in budget reconciliation:

#### SNAPSHOT OF IOWANS IN POVERTY

- Number of Iowans in poverty, 2004 (U.S. Census Bureau) ..... 282,000
- Percentage of Iowans in poverty, 2004 (U.S. Census Bureau) ..... 9.9%
- Number of homeless children enrolled in public schools in Iowa, 2003-04 ..... 6,582

#### Food insecurity:

- Percentage of Iowans with food hardships in past 12 months, 2002-04 average (USDA) ... 10.2%
- Pct. of Iowans with food insecurity with hunger in past 12 months, 2002-04 avg (USDA) ... 3.1%

#### Health insurance:

- Number of Iowans without insurance, 2003-04 average (U.S. Census Bureau) ..... 303,000
- Percentage of Iowans without insurance, 2003-04 average (U.S. Census Bureau) ..... 10.4%

#### MEDICAID — NEEDED HELP FOR MORE THAN 1 IN 10 IOWANS

Medicaid, funded by both states and the federal government, provides health coverage and long-term care to low-income families and individuals. In FY2002, Medicaid assisted\*:

- 359,000 Iowans — more than 1 in 10 Iowans (51.55 million U.S.)
- 42,000 aged Iowans (4.76 million U.S.)
- 61,000 blind and disabled Iowans (8.06 million U.S.)
- 186,000 Iowa children (25.49 million U.S.)
- 71,000 adult Iowans (13.25 million U.S.)

\* Based on data reported to HHS in the Medicaid Statistical Information System, as of Feb. 17, 2005. Cited by Leighton Ku, Center on Budget and Policy Priorities, "Medicaid: Improving Health, Saving Lives," July 19, 2005.

#### WHAT'S AT STAKE

*The House and Senate have passed very different proposals that are in conference. While both versions made cuts to Medicaid, the Senate avoided harm to Medicaid recipients. The House version would:*

- *Cut Medicaid by a net \$43.7 billion over 10 years — \$30 billion coming from beneficiaries. In contrast, the Senate would cut a net \$15.3 billion over 10 years, without direct harm to beneficiaries.*
- *Risk denial of health care to Medicaid recipients through co-payments, other cost-sharing provisions such as premiums, and changes in the benefit package.*
- *The Congressional Budget Office has concurred with research that has found cost-sharing provisions as proposed by the House would lead many low-income families to forgo needed services and medications — that in fact 80 percent of savings from Medicaid cost sharing will result from decreased use.*
- *Risk children's healthy development by allowing states to change EPSDT requirements for health screening and necessary treatment to address needs raised by the screening.*

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## HOME HEATING ASSISTANCE (Low-Income Home Energy Assistance – LIHEAP)

In FY2005, Iowa received \$34.4 million in federal LIHEAP funds. As the following figures indicate, LIHEAP recipients include the elderly, disabled, families with young children and working poor who receive no other assistance. (Source for following: The Iowa Department of Human Rights)

■	Number of Iowa households receiving assistance .....	85,678
■	Percentage increase in Iowa households receiving assistance .....	4%
■	Number of Iowa individuals receiving assistance .....	209,054
■	Average statewide heating assistance benefit .....	\$317
■	LIHEAP-assisted households with elderly household member .....	30.6%
■	LIHEAP-assisted households NOT on welfare (TANF) .....	89.8%
■	LIHEAP-assisted households with a disabled household member .....	44.5%
■	LIHEAP-assisted households with a child under age 6 .....	25.1%

### WHAT'S AT STAKE

*To secure votes for a package of \$50 billion in cuts to low-income services, House leaders actually added money for LIHEAP – inserting in the budget-cut bill an additional \$1 billion above what is ultimately approved for LIHEAP through the separate appropriations process. A good deal? Consider:*

- *This proposal pits LIHEAP against other essential services for low-income Iowans, including Medicaid, food stamps, child support and SSI – while ignoring the potential for budget savings by forgoing savings from tax breaks that are proposed in the separate tax reconciliation bill.*
- *Costs of heating LIHEAP beneficiaries' homes are expected to rise 33 percent from last winter.*
- *Higher costs, more need: LIHEAP caseloads are expected to rise at least 10 percent.*
- *Iowa is expected to see only a very small fraction of the proposed additional funds in the House bill as the formula for them is actually weighted against cold-weather states.*
- *While additional money for LIHEAP is needed beyond the \$2.2 billion in the FY2005 budget, the proper place to assure this is the appropriation process, not a deal for a budget-cutting bill. Further, even a \$1 billion increase does not meet the expected need. Congress could use its emergency powers to provide the full amount needed to assure coverage of the expected LIHEAP caseload at levels similar to FY2005. This level is currently estimated to be at least \$4.5 billion.\*\**

\*\* Center on Budget and Policy Priorities (CBPP), Richard Kogan and Aviva Aron-Dine, "Out in the Cold," revised Dec. 7, 2005 <<http://www.cbpp.org/10-6-05bud.htm>>

## CHILD SUPPORT — A BETTER THAN 5-TO-1 RETURN IN IOWA

■	Total child support collections in Iowa, 2004*** .....	\$281 million
■	Total child support program costs in Iowa, 2004*** .....	\$ 53 million
■	Federal share, total child support program costs in Iowa, 2004*** .....	\$ 35 million
■	State share, total child support program costs in Iowa, 2004** .....	\$ 18 million

\*\*\* Center for Law and Social Policy (CLASP), Vicki Turetsky, "Ways and Means Committee Approves 40 Percent Cut in Child Support Funds" found at <http://www.clasp.org/publications.php?id=4&year=2005#0> on Dec 1, 2005.

### WHAT'S AT STAKE

*Child support strengthens families and improves child well-being. Children are more likely to complete high school and get further education, and less likely to have legal troubles. Custodial parents are more likely to move from welfare to work if they are receiving child support. Under the House plan:*

- *For Iowa, the federal government would cut funding for child-support enforcement by an estimated \$50 million over five years, and \$150 million over 10 years.*
- *Payment of child support would drop. Nationally, CBO estimates the House bill would result in a \$24 billion reduction in child support payments over 10 years.*

## FOOD STAMPS — ADDRESSING INCREASED NEED IN IOWA

### Recipients:

■	Number of Iowa individuals receiving assistance, February 2000****	123,087
■	Number of Iowa individuals receiving assistance, February 2005****	204,992
■	Change in participation in Iowa, February 2000-February 2005	66.5 percent increase

\*\*\*\* Food Resource Center, "Food Stamp Participation 5-Year Change" found at [http://www.frac.org/html/news/fsp/02.05\\_5yr.html](http://www.frac.org/html/news/fsp/02.05_5yr.html) on May 13, 2005.

### Accountability:

- Iowa's error rate has fallen steadily, from 9.27 percent in 1999, to 7.05 percent in 2001, to 5.23 percent in 2003. (Government Accountability Office — GAO)
- Iowa is among 18 states that reduced error rates by one-third or more over those five years; error rates fell in 41 states and the District of Columbia. (GAO)
- One-fourth of the errors in that record-low national 6.63 percent error rate in 2003 were due to underpayments, not overpayments. (GAO)
- Payment errors associated with participants account for one-third of all payment errors; only 5 percent of all errors in 2003 were referred by states for suspected participant fraud investigation. (GAO)

## WHAT'S AT STAKE

*Any reduction in food stamp funding will hit people who need it, and place new burdens on churches and nonprofits that are local resources for emergency food. Ninety percent of U.S. households that receive food stamps have incomes below the poverty line, and one-third of them have incomes below half of the poverty line (about \$8,000 for a family of three). Four of five recipients are in households with children; almost one-third are elderly or disabled. The Senate held food stamps harmless. The House wants deeper cuts than the President proposed:*

- *The typical family of three would lose \$135 a month on food stamps, the equivalent of more than \$1,600 over a year.*
- *According to CBO, 255,000 people per month nationally will lose food stamps under the House plan — including 185,000 in low-income families (many working families, with children) and another 70,000 legal immigrants, primarily working poor and elderly who have been legally in the U.S. for between five and seven years.*

## SUPPLEMENTAL SECURITY INCOME (SSI) — HELPS ELDERLY, DISABLED

■	Total SSI recipients in Iowa, December 2004*****	42,656
■	Iowa elderly SSI recipients, December 2004*****	7,110
■	Iowa adults with disabilities receiving SSI, December 2004*****	28,992
■	Iowa children with disabilities receiving SSI, December 2004*****	6,554

\*\*\*\*\* SSI Recipients by State and County, Social Security Administration, March 2005

## WHAT'S AT STAKE

*The House proposal cuts SSI spending by \$732 million (CBO estimate), by:*

- *Requiring additional disability reviews for people to receive benefits, and*
- *Requiring SSI recipients whose payments were delayed to wait longer for payment of back benefits. Currently, they receive back payments at one time. The House would force payments of more than three months of back benefits to be made in installments — making it more difficult for SSI recipients to pay bills that were accrued while waiting for the Social Security Administration to process their application.*