



News Release

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VULNERABLE OREGON RESIDENTS WOULD LOSE UP TO \$422 MILLION IN FEDERAL FUNDING UNDER HOUSE BUDGET PLAN

Oregonians Call on Senator Smith's Continued Leadership

(Silverton, Oregon) Oregon's share of federal funding cuts in key programs that assist Oregon's low-income working families, children, elderly and disabled residents could be as much as \$422 million over the next five years under the budget plan passed by the House earlier this month, according to a new report by the Washington, D.C.-based Center on Budget and Policy Priorities (CBPP). In the Medicaid program alone, the study estimates the potential cuts for Oregon range between \$159 million and \$213 million over five years.

"We are counting on Senator Smith to continue to lead the fight in Congress to protect Medicaid and other key programs that are vital to Oregonians," stated Janet Bauer, federal budget coordinator for the Oregon Center for Public Policy. "Oregon's most vulnerable populations simply cannot afford to shoulder the federal budget cuts required to pay for additional tax cuts for the well-off."

Nationwide, the House budget plan could result in an estimated \$30 billion to \$35 billion in cuts in key low-income "mandatory" (also known as "entitlement") programs that assist working families, children, and the elderly. The House-passed cuts are at least ten times larger than cuts to these programs proposed by the Senate.

Oregon Senator Gordon Smith's leadership in protecting the Medicaid program in the Senate-passed budget accounts for a large part of the difference between the House and Senate versions. Since the House and Senate are far apart on funding levels for mandatory programs, cuts in all low-income mandatory programs, including Medicaid, will be a key issue when House and Senate negotiators try to agree on a final budget plan in conference committee over the next few weeks.

The House and Senate budget plans are much closer on the issue of tax cuts, with both plans including more than \$100 billion in tax cuts, primarily for upper-income households. Both plans also contain significant reductions in funding for domestic discretionary (also known as "non-entitlement") programs including housing, education, veterans' health benefits, child nutrition, and environmental protection and significant increases in defense spending.

"Saving Medicaid from deep cuts is by no means assured," said Ellen Lowe, legislative advocate for the Oregon Law Center. "If the House gets its way, Oregon faces cuts not

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only to Medicaid but to other programs that help low-income families succeed, such as child care and the Earned Income Tax Credit program. Working families may get ‘half of a loaf’ in this budget. We do not want Senator Smith’s efforts to go for naught,” she added.

Many programs for low-income Oregonians are jointly funded with state and federal dollars. Reducing the federal commitment will effectively shift the burden of funding the programs to state resources. Given the state fiscal picture, reductions in the federal share of these programs will likely mean vulnerable Oregon residents – including low-wage working families, the elderly poor and those with disabilities – will lose the assistance they need to pay for essentials such as housing, groceries and health care.

“The impact of the proposed federal cuts for Oregon’s health care system is just unacceptable,” said Ellen Pinney, executive director of the Oregon Health Action Campaign (OHAC). “Over six hundred thousand Oregonians currently go without any sort of health coverage. Reduced federal support will certainly cause the number of uninsured to increase, which is not the outcome Oregonians overwhelmingly want. It is bad for individual Oregonians and bad for our economy, as well.”

The cuts in low-income programs in the House budget plan would come from Medicaid, food stamps, and a set of programs overseen by the House Ways and Means Committee, such as the Earned Income Tax Credit (EITC) for low-income working families, the Supplemental Security Income program (SSI) for the elderly and disabled poor, assistance and services for abused and neglected children and foster and adoptive families, Temporary Assistance for Needy Families (TANF), and child care.

The Center on Budget and Policy Priorities estimates that as a result of these cuts, over the next five years, Oregon residents could lose:

- Between \$159 million and \$213 million in Medicaid funding. Approximately 400,000 children, low-income working adults, elderly, people with disabilities, and other Oregon residents rely on Medicaid for their basic health care.
- \$37.8 million in EITC benefits. Roughly 204,000 working families in Oregon receive the EITC, which provides low-wage workers with tax relief and wage supplements.
- \$37.3 million in SSI benefits. Roughly 58,000 poor elderly and people with disabilities in Oregon receive modest monthly SSI payments to help them cover their basic expenses.
- Up to \$89 million in food stamps. Roughly 420,000 Oregon residents receive food stamp assistance that helps them afford a basic diet.
- \$24.2 million in TANF funding. Oregon uses TANF funds to provide income assistance and welfare-to-work programs for 45,000 Oregonians, as well as child care and other welfare-to-work services.

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- \$8.6 million in foster care and adoption assistance funding. Each month, these programs assist 10,600 Oregon children in foster and adoptive families, fund efforts to find appropriate foster care placements for children, and help prepare older children living in foster care for independent living.

Program Cuts Go to Pay For New Tax Cuts, Not to Reduce the Deficit

“What makes these cuts even more disturbing is the fact that they won’t bring down the deficit,” said Bauer, the federal budget coordinator. “House and Senate budgets include more tax cuts focused on high-income households, paid for with these cuts to programs for vulnerable Americans,” she added.

Over the next five years, both budget plans would result in deficits more than \$100 billion larger than if no policy changes were made. The reductions in assistance for poor Oregon residents would be used in part to help finance tax cuts going disproportionately to those at the higher end of the income scale.

“Increasing taxes for low-income working Oregonians by cutting the Earned Income Tax Credit while simultaneously serving up more tax cuts to the well-off would run afoul of the priorities and values of Oregonians,” said Bauer.

The Oregon Center for Public Policy uses research and analysis to advance policies and practices that improve the economic and social opportunities of low- and moderate-income Oregonians, the majority of Oregonians. The OCPP is involved with the Oregon Federal Budget Coalition, a diverse group of service and advocacy organizations working together to promote federal budget priorities that protect and defend Oregon's most vulnerable residents.

Note to Reporters and Editors:

The CBPP report is available on-line at <http://www.cbpp.org/3-30-05bud.htm>.