
Iowa Fiscal Partnership

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Contact: Mike Owen, (319) 338-0773, or Victor Elias (515) 280-9027
EDITORS NOTE ACCOMPANYING FACT SHEET

Services at Stake for Iowans in Congressional Budget Talks New Analysis Shows Impacts of Proposals

DES MOINES, Iowa (March 30, 2005) – Basic nutrition and health-care assistance to low-income children and families in Iowa are threatened by proposed federal cuts at the same time state lawmakers are dealing with budget shortfalls.

A new analysis by the Center on Budget and Policy Priorities (CBPP) in Washington illustrates the stakes for Iowa, according to the nonpartisan Iowa Fiscal Partnership (IFP), which analyzes budget impacts on Iowans. From 2006 through 2010, the House Budget Resolution – which carries much heavier cuts than the Senate plan – would mean a loss to Iowa of between \$234 million and \$297 million.

"As we saw with the administration's earlier budget proposal, both the Senate and House budget plans show no balance between the cause of massive federal deficits and the response to them. Tax cuts for the wealthy are deepening the deficit," said David Osterberg, executive director of the Iowa Policy Project, which joined the Child & Family Policy Center (CFPC) in Des Moines in forming the IFP.

Charles Bruner, executive director of the CFPC, agreed the budget deficit "is more a result of tax cuts primarily to the wealthy, rather than the cost of safety-net services for moderate and low-income families."

"In fact, there is a growing likelihood of a federal tax increase on low-income Iowans through cuts in the Earned Income Tax Credit. Tax fairness dictates that working families should not pay for big tax cuts for the wealthy," Bruner said.

Bruner and Osterberg noted the state already has been dealing with difficult budget choices, and that the federal proposals would put even more pressure on Iowa lawmakers in education and human services including health care, nutrition and child care.

"Government services that make our society better are the ones being chosen to get the ax," Osterberg said. "It is unfortunate that our leaders in Washington are choosing to ignore the causes of the deficit and are using the excuse of the red ink to cut programs for those who did not cause our budget problems: children, the elderly and the disabled – even veterans."

Many Iowa organizations have been watching the developments in Washington, where budget threats have emerged to now-mandatory services for low-income Americans, including Food Stamps and Medicaid.

For Food Stamps, the amount of cuts under the House plan would depend on choices by the House Agriculture Committee among services under its jurisdiction, and could be as much as \$38 million for Iowa in a program that served an average 179,000 Iowans each month during fiscal 2004.

"Cuts to food and nutrition programs do not reduce the need for food assistance to low-income families. Those who relied on these vital programs will turn to emergency food providers, who are already stretched to the limit of their capacity to serve," said Karen Ford, executive director of Food Bank of Iowa.

"These proposed federal cuts will shift costs to state and local governments, especially to county governments for health care and food costs," said Victor Elias, senior associate at CFPC.

Among the potential losses to Iowa in the House Budget Resolution, according to CBPP:

- Potential cuts in Medicaid funding could total between \$129 million and \$173 million.
- Potential cuts in Food Stamps could total \$19 million if Food Stamps are required to absorb half of the cuts demanded of the Agriculture Committee, and \$38 million if Food Stamps absorb all of the cuts in Agriculture.
- Low-income elderly and people with disabilities could lose \$24.5 million in SSI benefits.
- The working poor would find their taxes go up by \$29.6 million.
- Key human service programs in Iowa could be cut by \$32.6 million. That figure 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.

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