

FOR RICHER, FOR POORER

Budget Mismatch: Tax Cuts for Rich, Food Cuts for Vulnerable

Budget choices for 2006 offer more of the same for those at the top and bottom of the economic structure in the United States: More for the haves, and less for those who have not, or have little.

RECENT BUDGETS HAVE PUT CURRENT PRIORITIES OUT OF BALANCE

- For tax year 2005 the top 0.2 percent of taxpayers (the 335,000 taxpayers with annual income over \$1 million) will receive almost \$35 billion from the Bush tax cuts that have already been enacted.
- This exceeds federal spending on the entire Food Stamp Program for 2005.

BIG BREAKS FOR THE FEW, SMALL BREAKS FOR THE MANY ...

- The 335,000 taxpayers with annual income over \$1 million will receive an average tax break of \$103,000 in 2005 from the Bush tax cuts.
- The Food Stamp Program provides an average of only \$200 a month to over 11 million very low-income households.
- Families with children, senior citizens and people with disabilities who receive Food Stamps get an average benefit of only \$1 per person per meal to help them purchase groceries.
- In perspective, then, the average tax break for each millionaire family would pay for a year of Food Stamps for about 43 very low-income families.

... WHILE BREAKING THE BUDGET

- Congress appears intent upon cutting the Food Stamp Program as part of a “budget reconciliation bill” this fall. The Agriculture committees in the House and Senate must come up with at least \$3 billion in cuts over the next five years under the Congressional budget resolution passed in April. Food Stamps are being targeted for a share of those cuts.
- Rather than considering a rollback of some of the recent tax cuts instead of cutting the Food Stamp Program, this year’s Congressional budget resolution deepens the imbalance. It allows \$106 billion more in tax cuts over five years, which primarily will further benefit people with very high incomes.
- The cost of this new round of tax cuts far exceeds the spending cuts in the budget, so on the whole the deficit would increase under the budget resolution, making further spending cuts more likely in the future.
- The expected increase in the deficit under the budget resolution is \$168 billion over five years, including \$36 billion in interest costs. Thus, for every \$3 given up in additional tax cuts, the government will spend another \$1 in interest alone – all while providing less for people needing food assistance.

Sources include the Urban Institute/Brookings Institution Tax Policy Center and U.S. Department of Agriculture.

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