



RESULTS U.S. POVERTY CAMPAIGNS OVERVIEW

2017 INTERNATIONAL CONFERENCE
BACKGROUND PACKET

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Welcome!

Despite a change in leadership in the presidency and throughout the nation, RESULTS volunteers have continued to raise their voices and make their beliefs heard. In fact, this year have already met with members of Congress and generated media in unprecedented numbers! While we have succeeded in stopping the efforts of Congressional leaders to decimate basic nutrition and health programs so far, these threats are still very real and your presence on Capitol Hill will be critical. In the coming weeks and months, as Congress tries to pass a health care law that ends Medicaid as we know it, “fast track” cuts to SNAP (formerly Food Stamps) and Medicaid in the next budget, and enact massive tax breaks geared towards the wealthy, the conversations you have with members of Congress and their staff will help remind decision-makers that their constituents want them to focus on ending poverty instead. It is vital to educate your community members and elected officials about the importance of these programs and the truths of what poverty and hunger look like in America.

There are many misconceptions about who lives in poverty, how they experience it, and what our elected officials can do about it. This packet will give you a small glimpse into the current state of poverty in America and some of the policies currently in place, or that are being proposed, to address it. Although this packet will help you gain a fuller picture of poverty in the United States, there is no substitute for personal stories of those who have lived it. Elected officials and the public need to hear these stories now more than ever. As you work through this packet, take time to reflect on your own personal experiences, as well as those of your friends, family, or acquaintances that may have been impacted by poverty or policy decisions affecting poverty. Reflect on whose voices your elected officials may not be hearing, and think about how you can help these people share their stories.

Specifically, RESULTS works to expand opportunities for low-income individuals and families to move up the economic ladder, while protecting core anti-poverty programs that are critical for helping families meet their basic needs. We've taken on protecting basic health and nutrition programs as our top campaign priority this year, and we will focus on the threats to SNAP and Medicaid in the FY2018 federal budget as our top priority during meetings on Capitol Hill. In some meetings, we will also talk to decision-makers about the importance of making any tax policy changes at least revenue neutral, so we do not put anti-poverty programs at risk, with a focus on wealth inequality and closing the racial wealth gap. While we may not get into as much detail about wealth inequality and the racial wealth gap in our Hill meetings, below you will find background information that may be helpful for future work. We will review the latest on what's happening in DC during the conference, so you will have the latest information before heading to Capitol Hill on July 25.

Thank you for joining RESULTS to fight for a more inclusive, just, and fair America.

Overview: Poverty in the United States

Some Americans believe that, because the United States is one of the wealthiest nations in the world, hunger and poverty exist only outside the U.S. Or people assume that anyone who is hungry or in poverty in the U.S. is because of a personal failing of that individual, or due to them simply not trying hard enough. The face of hunger in America is a child who does not have

access to quality nutrition because her parents are working but do not earn enough to buy healthy food or must skip meals. The face of a person in poverty in the United States is a single parent who works full time, but still cannot afford to pay for food, rent, child care, medical bills, and the costs of transportation to work. Poverty in the United States is often the direct result of structural racism and unfair disadvantages based on generations of missed opportunities to accumulate generational wealth. Access to necessary things like housing and education are directly tied to race and wealth, resulting in many people falling victim to poverty due to societal circumstances outside of their control.

In 2015, about one out of every seven Americans lived in poverty (\$23,8502 per year for a family of four) – 13.5 percent of the population.¹ Even worse – almost one out of every five children in the U.S. lived in poverty in 2015,² with the highest percentage being children age 0 to 5 years old.³ These rates are even higher for children of color. In 2015, one in one in three Black children were below the poverty line and one in four Hispanic children were poor in comparison to one in eight White children.⁴ These statistics are based on the federal poverty line, but that equation understates the immense struggles millions of other families also face every day.⁵

There are policies in place designed to help individuals lift themselves out of poverty. These policies also have the power to reshape national opinion and priorities so that individuals have the opportunity to achieve the “American Dream”. Programs such as SNAP and the Earned Income Tax Credit lift millions above the poverty line⁶ and significantly improve people’s lives, giving them the confidence, support, and resources they need to be successful. Poverty can have terrible consequences on people’s lives, but it is important to remember that it is a solvable problem – just as hunger is. As the richest country on the planet, we have the financial means and tools to solve these problems. We can end poverty, but not without urging our elected officials to enact a policy agenda that fosters economic mobility.

The Importance of Hearing from Experts on Poverty

Too often, the voices of low-income Americans are not heard in policy debates, despite the fact that they have the unique experience and knowledge needed to end poverty. In 2015,

¹ U.S. Census Bureau, “Income and Poverty in the United States: 2015.” <https://www.census.gov/library/publications/2016/demo/p60-256.html>

² Ibid.

³ Children’s Defense Fund, “Child Poverty in America 2015: National Analysis.” <http://www.childrensdefense.org/library/data/child-poverty-in-america-2015.pdf>

⁴ Ibid.

⁵ Kids Count Data Center, “Children Below 200 Percent Poverty.” <http://datacenter.kidscount.org/data/tables/47-children-below-200-poverty?loc=1&loct=1#detailed/1/any/false/868,867,133,38,35/any/329,330>

⁶ U.S. Census Bureau, “Supplemental Poverty Measure 2015.” <https://www.census.gov/library/publications/2016/demo/p60-258.html>

RESULTS launched its Experts on Poverty project, bringing together a cohort of 15 people with the direct lived experience of poverty to amplify their voices and their stories to incite positive policy change with members of Congress. The Experts make their voices heard in letters to the editor, op-eds, TV news features, face-to-face meetings with members of Congress, and speaking at events with members of Congress.

Below is Tianna Gaines-Turner's story, which was published this spring in the *Washington Post*, *The Independent*, and several other outlets. She discusses her experience of speaking with House Speaker Paul Ryan about her experiences with poverty. Tianna is an Expert on Poverty with RESULTS.

Tianna's Story: "I Told Paul Ryan What It's Like to Be Poor. I Wonder if He Remembers Me Now."

In 2014, [I testified before](#) U.S. Rep. Paul D. Ryan (R-Wis.), now the House Speaker, at a congressional hearing about poverty in America. Every other person who testified that day knew about poverty because they had studied it. I was the only one there actually living it.

As people who live in poverty, we are rarely invited to be part of the policy discussions that end up affecting us the most. The day I testified, I felt the weight of my entire community bearing down on me. Who knew when (or if) this opportunity would come again?

Back then, I wanted Ryan and his colleagues on the House Budget Committee to understand that poverty isn't about laziness or a lack of intelligence. Poverty is not a situation anyone *wants*. I don't know a single person who looks forward to standing in line at the food bank, using an EBT card at the grocery store or explaining to their kids why the electricity was shut off. These are not choices anyone would make.

I also wanted the panel to understand that most people who live in [poverty work hard, often at multiple jobs](#). I work as a security guard at an office building in Philadelphia, for example, and I do hair on the side for extra money. My husband works several jobs. But minimum wage, even on a full-time schedule when we can get it, simply isn't enough to live on. It's not enough to provide for our three children, all of whom have special needs.

Without federal programs to help us put food on the table and get affordable medical care — like SNAP (formerly known as food stamps) and Medicaid — I don't know what we'd do. Even now, I wake up every morning worrying about how my kids will get enough to eat. It's a constant, overwhelming stress. But it could be so much worse.

Last month, one of those worst-case scenarios [almost happened](#). Medicaid almost lost \$880 billion in federal funding. This would have been disastrous for millions of families like mine.

I was so relieved when the House health-care plan failed, but it also took me back to my experience testifying on Capitol Hill. At the time, I thought that if Ryan could just hear my story, if he could see me as a human being instead of a statistic, he might change his mind about “restructuring” the programs my family needs to survive. That’s why, when he came over to shake my hand at the end of the hearing, I [asked for a hug](#) instead. For me, this was personal. I wanted him to remember me.

Now, almost three years later, I have no idea if my testimony (or the hug) made any difference to him at all. He hasn’t altered his plans of structural changes to federal anti-poverty programs; it was only a matter of luck that his recent attempt to repeal the Affordable Care Act failed, and with it, the restructuring of Medicaid.

The [structural changes Ryan envisions](#) — sometimes referred to as “per capita caps” or “block grants” — are actually budget cuts that will devastate the safety net and harm families like mine. Forty-three million people [participate in SNAP](#). Half of them are children, and the rest are mainly elderly, disabled and people with low-wage jobs. Seventy-four million Americans participate in Medicaid and the Children’s Health Insurance Program. These

Americans are not trying to scam the system. They just want to survive.

The fact is, those of us living in poverty want the same things as everyone else. We want to own a home, have a good job, and send our kids to college. Sometimes it seems that lawmakers like Ryan feel that because we live in poverty, we don’t deserve any of these things, or even a *chance* to strive for a better life.

I wish I could ask Ryan if he feels that way today. I wish I could say: Speaker Ryan, you claim to care about poverty. You sat and listened to my story. You looked me in the eye. You gave me a hug. Did my testimony matter at all to you? Do you really believe that my life, and the lives of my children, are worth less than a tax break for the wealthy? I have a lot of questions, but I will just say this: You have a chance to change course, to do right by the millions of people in this country who are working as hard as they can for a better life. I want to end poverty in this country as much as you do, but gutting the safety net is not the way to do it.⁷

Protecting Basic Health Coverage

[PostEverything](#) • Perspective

I told Paul Ryan what it's like to be poor. I wonder if he remembers me now.

Poverty isn't a choice, and Americans like me need a strong safety net. Does the speaker care?



By Tianna Gaines-Turner April 4

Tianna Gaines-Turner lives and works in Philadelphia.



House Speaker Paul D. Ryan's plans for important welfare programs amount to disaster

⁷ The Washington Post, “I Told Paul Ryan What It’s Like to be Poor. I Wonder if he Remembers me now.” https://www.washingtonpost.com/posteverything/wp/2017/04/04/i-told-paul-ryan-what-its-like-to-be-poor-i-wonder-if-he-remembers-me-now/?utm_term=.3b7d3f56b834

Lack of quality and affordable health care deepens and causes poverty for millions of families in the United States. Medicaid is the primary source of health coverage for over 74 million low-income individuals and families.⁸ The primary beneficiaries of Medicaid are children, people with disabilities, and the elderly.

According to Census data released in 2016, the number of uninsured Americans dropped from 33 million in 2014 to 29 million in 2015 – which accounts for 9.1 percent of all Americans.⁹ The number of uninsured children also decreased between 2014 and 2015. In 2015, 5.3 percent of children under age 19 were uninsured, which decreased from a rate of 6.2 percent in 2014.¹⁰ The Census attributes this drop to more young adults getting coverage because of the Affordable Care Act and enrollment in Medicaid, which continues to increase.

How Medicaid Works

Medicaid pays for medical assistance for individuals and families with low incomes and resources. Together, Medicaid and the Children's Health Insurance Program (CHIP), a program administered by states and funded jointly by states and the federal government, cover over 70 million low-income people, including 29.5 million children.¹¹ Medicaid is larger than any single private health insurer. Medicaid provides long-term care to millions of seniors, critical services that help Americans with disabilities live independently, and is a core part of the successful

"Medicaid is not a program for some "other" group of Americans, it was established for all of us should we find ourselves in need..."

"It is not hyperbolic to say that each of us is one unpredictable moment away from relying on Medicaid... Medicaid recipients are siblings, parents, friends, and neighbors."

- Former RESULTS Intern and REAL Change Fellow Susan Fleurant in a June 28 letter to the editor in the Alaska Star

⁸ Kaiser Family Foundation. "Total Monthly Medicaid and CHIP Enrollment." <http://www.kff.org/health-reform/state-indicator/total-monthly-medicaid-and-chip-enrollment/?currentTimeframe=0&sortModel=%7B%22colld%22:%22Location%22,%22sort%22:%22asc%22%7D>

⁹ The United States Census Bureau, "Health Insurance Coverage in the United States: 2015." <https://www.census.gov/content/dam/Census/library/publications/2016/demo/p60-257.pdf>

¹⁰ Ibid.

¹¹ Centers for Medicare & Medicaid Services, "Medicaid and CHIP Total Enrollment Chart - April 2017." <https://www.medicaid.gov/medicaid/program-information/medicaid-and-chip-enrollment-data/report-highlights/total-enrollment/index.html>

coverage of America's children.

Medicaid's funding comes from both the federal and state governments, and is the largest source of funding for medical and health-related services for people with limited incomes. Medicaid responds automatically in a weak economy, helping vulnerable Americans weather tough economic times. Additionally, Medicaid spending on hospitals, clinics and other health care providers ripples through local economies, paying the salaries of nurses, doctors, and other vital health care workers, who in turn spend money at local businesses.

Who is Covered by Medicaid?

To qualify for Medicaid, an individual must meet financial criteria and be part of a group that is "categorically eligible" for the program, such as low-income children, pregnant women, the elderly, people with disabilities, and parents. The income levels at which these groups qualify vary from state to state and group to group, generally with coverage of children and pregnant women being available at higher income levels, followed by people with disabilities and elderly, then parents of dependent children.

As a result of the Affordable Care Act, states have the option of providing coverage to non-elderly, non-disabled childless adults making up to 138 percent of the federal poverty level (\$16,400 for an individual and \$33,600 for a family of four in 2016) – see below for more on how states expanded Medicaid.

Benefits

Medicaid was designed to address the needs of low-income individuals; therefore, it is the best designed program to cover a growing population in need of public support for their health care needs. Medicaid participants can appeal coverage denials without risk of losing their coverage, unlike with many private plans, and Medicaid covers many services not typically covered by private health insurance such as:

- Transportation to and from doctor's appointments;



Medicaid and CHIP serve the United States' most vulnerable children.

A large share of at-risk children rely on public coverage, as reflected by the percentage of United States children in each group below that depend on Medicaid and CHIP for health care they need to thrive:

79%

Children living in or near poverty.

45%

Infants, toddlers, and pre-schoolers during the early years that are key to their healthy development and school readiness.

43%

Children with disabilities or other special health care needs such as juvenile diabetes, congenital heart conditions, or asthma.

100%

Children in foster care who face poverty, family dysfunction, neglect, and abuse that result in high rates of chronic health, emotional, and developmental problems.

48%

Newborns in low-income families to assure a healthy delivery and strong start during their critical first year of life.

- Disability assistance services; and
- Services provided at rural or community health centers.

Medicaid currently protects low-income individuals against unaffordable out-of-pocket expenses. The Federal government limits how much a person on Medicaid can be charged for services. Medicaid also provides comprehensive coverage, ensuring care without limitation on total cost of long-term care due to serious illness. Those enrolled in Medicaid are less likely than those without insurance, and those in private insurance, to lack a usual source of coverage or to have unmet health care needs.¹²

What Happened to Medicaid After the Affordable Care Act?

A report by the Kaiser Family Foundation shows that prior to 2014, less than half of all states covered parents at or above the federal poverty level (FPL), and only 9 states provided full coverage to childless adults.¹³ For states opting into Medicaid expansion, the median eligibility threshold rose from 106 percent FPL to 138 percent FPL for parents and from 0 percent FPL to 138 percent FPL for childless adults between 2013 and 2014. In 20 of the 24 states that have not opted into the Medicaid expansion, the eligibility threshold is still below the FPL and the median eligibility is still only 49 percent of the FPL. Additionally, in these states, childless adults generally remain ineligible for Medicaid meaning that adults with incomes below the FPL but above their state's eligibility threshold will be left without affordable coverage—leaving them ineligible not only for Medicaid but also for tax credits through the ACA marketplace.

RESULTS champions Medicaid expansion and improvements because it covers millions of low-income people, including children, the disabled, and seniors. In March 2010, the Patient Protection and Affordable Care Act (ACA) was signed into law. This health reform legislation enacted the largest expansion of Medicaid in decades, extending eligibility to everyone at or below 138 percent of the federal poverty line (FPL), thereby filling in gaps in coverage for the poorest Americans.¹⁴ Unfortunately, the Supreme Court in 2012 ruled that states could not be required to expand Medicaid, giving states the option to implement this expansion.

The Congressional Budget Office estimates that as a result of the ACA, 12-13 million more

¹² Kaiser Family Foundation, "What is Medicaid's Impact on Access to Care, Health Outcomes, and Quality of Care? Setting the Record Straight on the Evidence." <http://www.kff.org/report-section/what-is-medicaids-impact-on-access-to-care-health-outcomes-and-quality-of-care-setting-the-record-straight-on-the-evidence-issue-brief/>

¹³ Kaiser Family Foundation, "Where are the States Today? Medicaid and CHIP Eligibility Levels for Children, Pregnant Women, and Adults." <http://www.kff.org/medicaid/fact-sheet/where-are-states-today-medicaid-and-chip/>

¹⁴ Centers for Medicare & Medicaid Services, "Affordable Care Act" <https://www.medicaid.gov/affordable-care-act/index.html>

people will be covered by health insurance each year between 2016 and 2024, a number that would have been even greater had the expansion not been made optional.¹⁵

Legislation in Congress Would End Medicaid As We Know

Earlier this year, House Republican lawmakers introduced the American Health Care Act (AHCA), H.R.1628, which would repeal the Affordable Care Act.¹⁶ The House's bill would make devastating changes to Medicaid. First, it would "freeze" the ACA's Medicaid expansion in 2020 so new enrollees could not sign up and then significantly reduce the reimbursement to states. This would cause the expansion to "wither on the vine" and disappear altogether within a few years. More alarming, the AHCA would radically restructure the traditional Medicaid program. It would change Medicaid's dedicated, mandatory funding by Congress to a per capita cap, meaning that states would only receive a fixed amount of funding for each enrollee. If states have an increase in enrollment or choose to expand services, they would have to cover 100 percent of the additional costs.

In May 2017, the Congressional Budget Office estimated that the ACHA would result in \$834 billion in Medicaid cuts over ten years and 14 million people would lose Medicaid coverage.¹⁷ A total of 24 million would lose health coverage under the AHCA.¹⁸ States would be forced to cut enrollment, services, or both. To add insult to injury, the AHCA's Medicaid cuts would be used to cut taxes for wealthy Americans and large corporations under the Affordable Care Act. The AHCA would be devastating to low-income families across the country.

In June 2017, Republican Senators unveiled their own "repeal and replace" health care bill called the Better Care Reconciliation Act of 2017, which they had originally hoped to vote on by the end of June. However, due to multiple Republican Senators publicly opposing the bill, Senate GOP leaders cancelled the vote on the BCRA and instead may take up a "repeal only" bill that is expected to fail the week of July 24. Meanwhile, some senators are looking to revive negotiations on the BCRA – the timing of a possible amended vote is not clear.

¹⁵ Congressional Budget Office, "Updated Estimates of the Insurance Coverage Provisions of the Affordable Care Act, April 2014." http://www.cbo.gov/sites/default/files/cbofiles/attachments/45231-ACA_Estimates.pdf

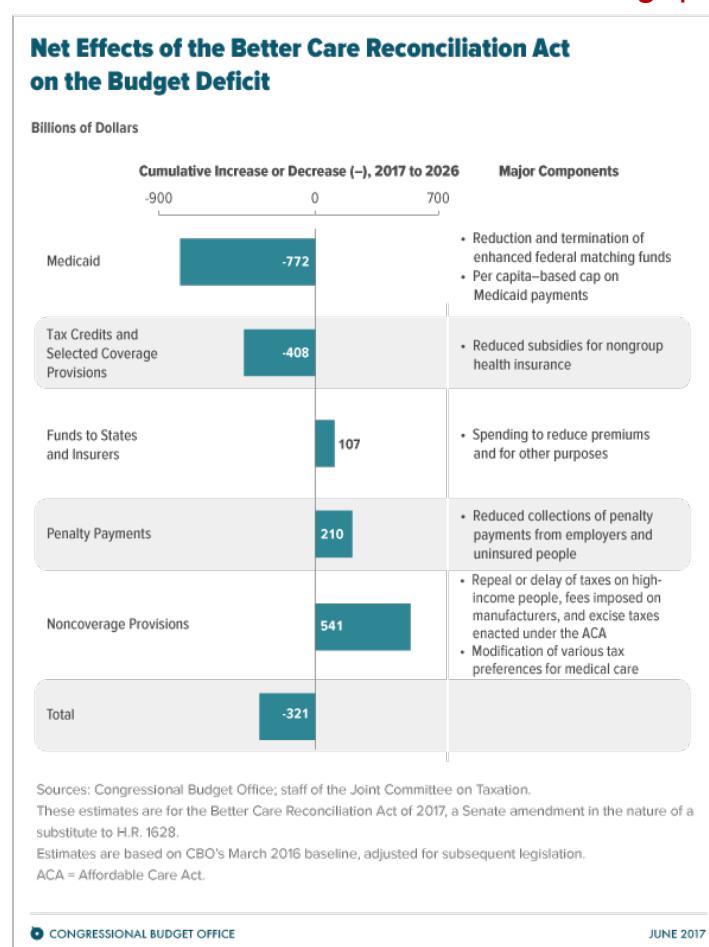
¹⁶ H.R. 1628, The American Health Care Act <https://www.congress.gov/115/bills/hr1628/BILLS-115hr1628pcs.pdf>

¹⁷ Congressional Budget Office. "CBO Cost Estimate - H.R. 1628, American Health Care Act of 2017." <https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/hr1628aspassed.pdf>

¹⁸ Kaiser Family Foundation, "Data Note: Review of CBO Medicaid Estimates of the American Health Care Act." <http://www.kff.org/medicaid/issue-brief/data-note-review-of-cbo-medicaid-estimates-of-the-american-health-care-act/>

Much like the results of the AHCA, the Senate bill included dangerous changes to Medicaid – cutting Medicaid by over one-third, even deeper in the long run than the House bill.¹⁹ The CBO estimates that the Senate bill would increase the number of uninsured Americans by 22 million by 2026. While slightly lower than the estimated number of uninsured from the House bill, it would still lead to a total uninsured population of 49 million people by 2026.²⁰

The block grants and per capita caps proposed in the House and Senate bills would force states to make up for the lost revenue in federal support, jeopardizing the services that millions of people rely on every day. The gap between funding and cost of services would compound over time, leaving states and consumers to shoulder the



"Proposals to slash Medicaid for millions of our nation's children don't just affect the kids, they also affect entire families and communities."
-RESULTS Volunteer Clara Moore in a June 23 letter to the editor in the Portland Press Herald

burden. The bill does not take into account that each state's spending varies based on the population it is serving – which is out of the state's control.²¹ As the Center on Budget and Policy Priorities stated, the approach will pit the states against each other in a race to the bottom to avoid penalties.²⁵ Deeper and deeper cuts will be made to Medicaid – eliminating beneficiaries'

¹⁹ Congressional Budget Office. "Longer-Term Effects of the Better Care Reconciliation Act of 2017 on Medicaid Spending." <https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/52859-medicaid.pdf>

²⁰ Congressional Budget Office. "H.R. 1628, Better Care Reconciliation Act of 2017." <https://www.cbo.gov/publication/52849>

²¹ Center on Budget and Policy Priorities. "Senate Health Bill Deepens Medicaid Cuts for High-Cost States." <http://www.cbpp.org/blog/senate-health-bill-deepens-medicaid-cuts-for-high-cost-states>

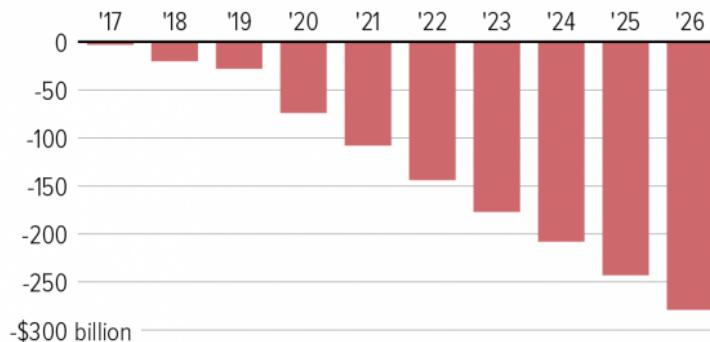
access to care in an attempt to slash costs.²² We must remain vigilant against threats to the core structure of Medicaid, such as a per capita cap.

Additional Threats to Medicaid in the FY 2018 Budget

Along with these Medicaid cuts in the AHCA, President Trump proposed additional cuts to Medicaid in his Fiscal Year 2018 budget.²³ The Center on Budget and Policy Priorities estimates that the budget proposal would cut Medicaid funding by an additional \$1.3 trillion over the next decade by deepening Medicaid's per capita caps.²⁴ The Trump Administration has also encouraged states to seek waivers to enact other cuts to Medicaid, such as imposing work requirements without any guarantee that participants have access to job training programs.

Meanwhile, the FY 2018 House Budget Resolution cuts Medicaid and other health care programs by \$1.5 trillion over the next ten years. Generally, budgets are just a blueprint – showing the overall priorities but don't lead to legislation. However, the House Budget "fast tracks" \$203 billion in cuts to mandatory programs – including \$20 billion in Medicaid cuts, \$10 billion in cuts to SNAP (formerly Food Stamps), paves the way for cuts to the Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC), and tasks relevant committees to look for cuts in other programs like SSI, SSDI, Medicare, and disability insurance. The plan also includes instructions for the Ways and Means Committee to begin work on tax reform, which could jeopardize funding for basic assistance programs at risk. and other basic assistance.²⁵ The House budget uses a process called "budget reconciliation" to make it easier to pass these Medicaid cuts with a

Trump Budget Would Cut Medicaid by Up to \$1.3 Trillion Over Ten Years



Source: CBPP analysis using Congressional Budget Office and Office of Management and Budget data.

CENTER ON BUDGET AND POLICY PRIORITIES | CBPP.ORG

²² Ibid.

²³ Center on Budget and Policy Priorities, "Trump Budget Cuts Medicaid Even More Than House Health Bill, Showing Danger of Per Capita Cap" <http://www.cbpp.org/blog/trump-budget-cuts-medicaid-even-more-than-house-health-bill-showing-danger-of-per-capita-cap>

²⁴ Center on Budget and Policy Priorities, "Trump Budget Cuts Medicaid Even More Than House Health Bill, Showing Danger of Per Capita Cap" <http://www.cbpp.org/blog/trump-budget-cuts-medicaid-even-more-than-house-health-bill-showing-danger-of-per-capita-cap>

²⁵ CNN. House budget deal held up on mandatory spending snag. <http://www.cnn.com/2017/06/27/politics/house-budget-deal-hold/index.html>

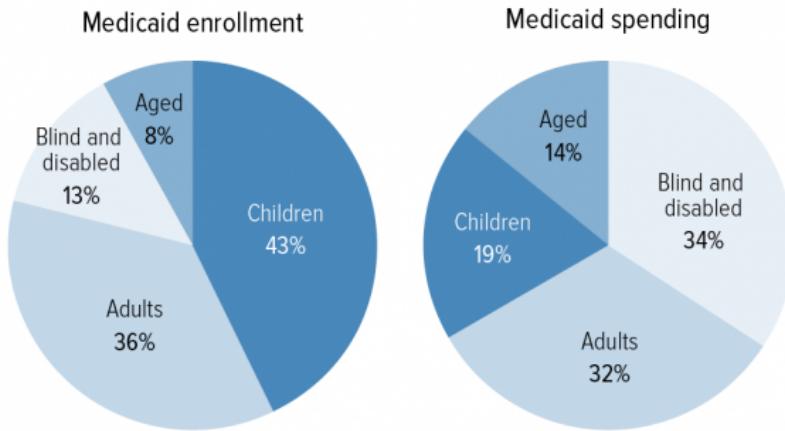
simple majority and limited debate in the House and Senate. A lack of access to health care further intensifies the negative ramifications of poverty for low-income individuals and families.

Frequently Asked Questions about Medicaid

Who is enrolled in Medicaid and where is the money going?

As seen in the figure here, while over 40 percent of Medicaid enrollees are children, they only account for about 20 percent of spending. On the other hand, people who are blind, those with disabilities, and the elderly make up about 20 percent of the enrollees but account for almost half of Medicaid spending. This is because those populations need more expensive and more frequent services.²⁶

Enrollment and Spending in Medicaid



Source: Spending and enrollment estimates for FY2015 from the Congressional Budget Office's March 2016 Medicaid baseline. Figures may not sum to 100 percent due to rounding.

CENTER ON BUDGET AND POLICY PRIORITIES | CBPP.ORG

Is Medicaid cost-effective?

Yes! In a Kaiser Family Foundation analysis, it was reported that the average health care costs would be roughly 25 percent higher if individuals switched from Medicaid to employer-sponsored insurance.²⁷ In addition, out-of-pocket (OOP) spending for health care services would be much higher if Medicaid recipients used employer insurance. It is estimated that a recipient's OOP spending would be tripled – which is utterly unattainable for low-income individuals and families. These higher expenditures could add up to over 10 percent of the family's income. The OOP spending burden would prevent recipients from receiving care – making Medicaid their only option.²⁸

²⁶ Center on Budget and Policy Priorities. "Policy basics: Introduction to Medicaid."

<http://www.cbpp.org/research/health/policy-basics-introduction-to-medicaid>

²⁷ Kaiser Family Foundation. "What Difference Does Medicaid Make? Assessing Cost Effectiveness, Access, and Financial Protection under Medicaid for Low-Income Adults."

<http://www.kff.org/medicaid/issue-brief/what-difference-does-medicaid-make-assessing-cost-effectiveness-access-and-financial-protection-under-medicaid-for-low-income-adults/>

²⁸ Ibid.

What are the long-term benefits for people who receive Medicaid?

For children and families receiving health coverage and financial protections through Medicaid, there are long-term effects that benefit the individuals as well as their communities--allowing the government to recoup more than their investment in the long run. One of these benefits is that people who had access to Medicaid as children grew up to become healthier adults with lower rates of high blood pressure, hospitalizations, emergency room visits, eating disorders, and mortality.²⁹

In addition, growing up healthier allows children to succeed academically, thereby leading to better educational and economic outcomes later in life. Particularly, there was a 9.7 percent decline in the number of high school dropouts among children who benefited from Medicaid.³⁰ Furthermore, children who were enrolled in Medicare during childhood had a higher likelihood of economic success as adults – leading to less of a reliance on safety programs and a break in the cycle of poverty. Medicaid-eligible children are likely to surpass the income of their parents, which can help break the cycle of generational poverty.³¹

What is the difference between Medicare and Medicaid? What about Medicaid and CHIP?

Medicaid serves low-income people of any age, including children, families, and seniors. While there are small co-payments, patients do not pay for the covered medical expenses. It also varies from state to state because it is a federal-state program that allows states to have flexibility based on the needs of their own population. Medicare serves over 55 million people while Medicaid serves over 74 million people.³²

Medicare, on the other hand, mostly serves people over 65, individuals with disabilities, and dialysis patients. Unlike Medicaid, the medical bills in Medicare are paid through trust funds that patients have paid into. Medicare patients also must pay for deductibles and monthly premiums

²⁹ Center for Children & Families (CCF) of the Georgetown University Health Policy Institute. "Medicaid at 50: A Look at the Long-Term Benefits of Childhood Medicaid."

<https://ccf.georgetown.edu/2015/07/27/medicaid-50-look-long-term-benefits-childhood-medicaid/>

³⁰ Ibid.

³¹ Ibid.

³² Kaiser Family Foundation. "Total Number of Medicare Beneficiaries." <http://www.kff.org/medicare/state-indicator/total-medicare-beneficiaries/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>; Kaiser Family Foundation. "Total Monthly Medicaid and CHIP Enrollment." <http://www.kff.org/health-reform/state-indicator/total-monthly-medicaid-and-chip-enrollment/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

in other to receive coverage. Medicare is a federal program, meaning coverage does not change from state to state like Medicaid does.³³

The Children's Health Insurance Program (CHIP) is directly related to Medicaid and was created to expand coverage to a greater number of low- and moderate-income children. The program provides low-cost health insurance to children that are part of families that earn too much to be eligible for Medicaid. Since CHIP is tied to Medicaid, it too varies by state. This allows families to avoid having to pay for an insurance plan to cover their child when they cannot afford it. While some states utilize copayments or premiums, CHIP guarantees that the families will never have to pay more than 5 percent of their annual income.³⁴

Why do some elderly Americans receive Medicaid? Aren't they already covered by Medicare?

Out of the more than 55 million Americans covered by Medicare, 4.6 million low-income seniors and 3.7 million people with disabilities are also enrolled in Medicaid. Therefore, about 8.3 million people, 17 percent of all Medicaid enrollees, are considered "dually eligible" and enrolled in both Medicaid and Medicare. Some Medicare enrollees need additional assistance to pay for Medicare's premiums and out-of-pocket medical expenses. Medicaid fills in gaps of coverage for the elderly and people with disabilities. Without this assistance, they would not be able to access the coverage they need.³⁵ In particular, Medicaid plays a critical role in covering nursing homes and other high-cost services for low-income seniors.

Can we afford Medicaid under the ACA?

Under the ACA, we can afford it. If we disregard basic health needs and preventative care now, we will pay for it later in the form of emergency care, which is exponentially more expensive. What we cannot afford, however is to take away health insurance from millions of people that need it. Under the House and Senate's proposed bills, these people would lose their health insurance while the nation's wealthiest individuals and corporations gain massive tax cuts.

Instead, it has been shown time and time again that Medicaid spending actually has positive economic effects on states. This revenue comes from the increase in federal funds that go towards the state's health care providers. Those funds then go on to support local businesses, increase spending in the state, and thereby increase local and state tax collections.³⁶

³³ U.S. Department of Health & Human Services. "What is the difference between Medicare and Medicaid?" <https://www.hhs.gov/answers/medicare-and-medicaid/what-is-the-difference-between-medicare-medicaid/index.html>

³⁴ U.S. Centers for Medicare & Medicaid Services. "The Children's Health Insurance Program (CHIP)." <https://www.healthcare.gov/medicaid-chip/childrens-health-insurance-program/>

³⁵ U.S. Centers for Medicare & Medicaid Services. "Seniors & Medicare and Medicaid Enrollees" <https://www.medicaid.gov/medicaid/eligibility/medicaid-enrollees>

³⁶ Congressional Budget Office, "American Health Care Act of 2017" <https://www.cbo.gov/publication/52752>

If Medicaid is cut at the federal level, what will happen to the states?

The House GOP bill would shift \$834 billion in Medicaid costs to the states over the next ten years³⁷ and the Senate bill would cut federal Medicaid funding by \$772 billion over the next decade. It is worth noting the Senate health bill cuts Medicaid even deeper than the House bill in future decades.³⁸ This means states will be left to make up the difference, or more likely, to slash programs and eligibility. If Medicaid was restructured to include per capita caps, states will need to face cuts that will grow to be more severe each year. In order to decrease their spending to match the per capita caps, states will feel compelled to cut vital programs and push people off Medicaid by tightening eligibility requirements. The fundamental restructuring of this program would make Medicaid extremely vulnerable to deeper cuts in the future.

In addition, the 11 million adults that gained Medicaid through the expansion would likely lose their coverage within a few years because of states' inability to financially make up for them.

The figure to the right demonstrates the magnitude that these cuts at the federal level would have on states in the next 10 years.³⁹

Isn't Medicaid spending out of control?

Conservatives' primary argument is that Medicaid spending is "out of control." From there, they argue that per capita caps are needed to rein in the growing costs to the federal government

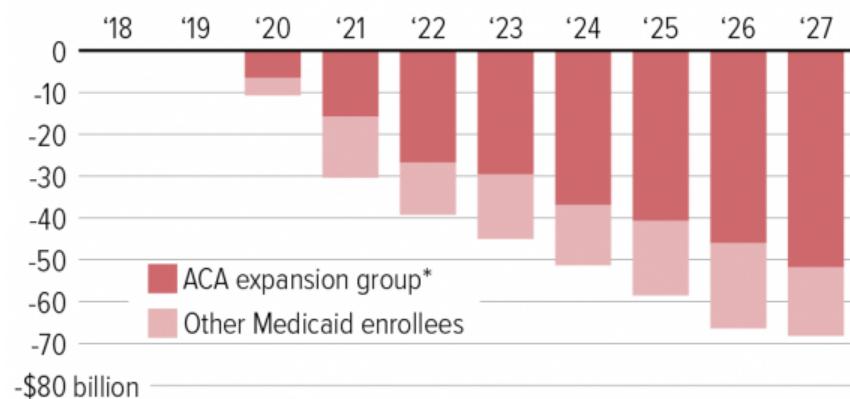
³⁷ Ibid.

³⁸ Congressional Budget Office, "Longer-Term Effects of the Better Care Reconciliation Act of 2017 on Medicaid Spending." <https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/52859-medicaid.pdf>

³⁹ Center on Budget and Policy Priorities. "House GOP Medicaid Provisions Would Shift \$370 Billion in Costs to States Over Decade." <http://www.cbpp.org/blog/house-gop-medicaid-provisions-would-shift-370-billion-in-costs-to-states-over-decade>

Medicaid Cost Shifts in House GOP Plan Would Total an Estimated \$370 Billion Over 10 Years and Grow Over Time

Cost shifts to states, relative to current law



*Enrollees under the Affordable Care Act's Medicaid expansion

Source: CBPP analysis using Jan. 2017 Congressional Budget Office Medicaid baseline and inflation estimates from CBO and the Centers for Medicare and Medicaid Services

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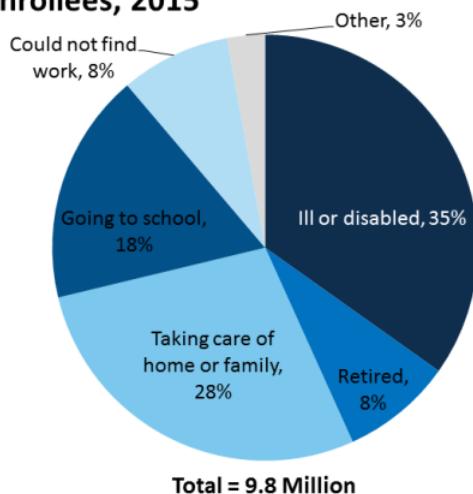
and that by capping federal spending and giving states more “flexibility,” states would be able to innovate, find efficiencies, and cut waste. *But all that is false.* First, Medicaid spending is not out of control. In fact, Medicaid’s costs per beneficiary are substantially lower than for private insurance and have been growing more slowly than per-beneficiary costs under private employer coverage.⁴⁰ Second, states already have flexibility to innovate, and they are making great strides. Shifting millions of dollars in costs to a state government is not going to suddenly give state officials more flexibility to innovate; rather, it’s going to be an impossible burden to shoulder and will force them to either provide considerably more state funding for Medicaid, or, as is more likely, to institute substantial cuts to eligibility, benefits, and/or provider payments. Moreover, the resulting financial squeeze from a per capita cap could also halt or reverse progress by changing Medicaid agencies’ focus to making cuts rather than investing in efforts aimed at improving the delivery of care.

Why is imposing work requirements on Medicaid recipients counterproductive?

In addition to restricting Medicaid by including per capita caps and block grants, cuts in eligibility and benefits would be worsened by the fact that the House and Senate GOP healthcare bills would allow states to impose work requirements on Medicaid recipients. Yet this is entirely counterproductive because it would increase the number of people that are uninsured. Medicaid recipients who are not working generally are not choosing to be unemployed. Some people turn to

Medicaid in tough economic times or during a pregnancy, when they may not be able to find work or are not able to work consistently. Others, such as seniors and people with disabilities, rely on Medicaid for long-term services and cannot work or face major barriers attempting to do so because of their health and physical impairments.⁴¹ It is important to note that most Medicaid

Figure 4
Main reasons for not working among non-SSI, adult Medicaid enrollees, 2015



NOTE: Includes nonelderly adults who do not receive Supplemental Security Income (SSI).
SOURCE: Kaiser Family Foundation analysis of March 2016 Current Population Survey.



⁴⁰ Center on Budget and Policy Priorities. Frequently Asked Questions About Medicaid.

<https://www.cbpp.org/research/health/frequently-asked-questions-about-medicaid>

⁴¹ Center on Budget and Policy Priorities. “Medicaid Work Requirement Would Limit Health Care Access Without Significantly Boosting Employment.” <http://www.cbpp.org/research/health/medicaid-work-requirement-would-limit-health-care-access-without-significantly>

recipients that can work do just that. About 78 percent of Medicaid recipients live in working families and a majority are employed themselves.⁴²

Though the proposal would authorize work requirements, it does not include any provisions for job training, child care, or work supports – making it close to impossible for people to find employment. For example, people that are the primary caregivers in their household would need to pay for someone else to take care of their dependents, making it impossible for them to make decent profits and continue to get health coverage.

Work requirements have generally been unsuccessful in increasing long-term employment. Instead, voluntary employment programs actually have a greater impact because it can increase the earnings of those that can work without ripping the carpet out from under those that cannot. People in states with more generous Medicaid coverage are more likely to transition into a job with greater growth potential in order to increase earnings, because they do not need to worry about losing healthcare coverage during that transition period.⁴³ By imposing work requirements, those that need Medicaid most will not receive the services they need.

Overview: Hunger in the United States

Despite the United States being the richest nation on the planet, we still have incredibly high rates of hunger. Food insecurity affects 1 in 7 Americans, meaning they do not always have access to enough food to sustain an active, healthy lifestyle.⁴⁴ Being food insecure can not only affect health, but it can also affect a person's ability to work or learn in school. We have both the money and the food supply to end hunger – however we need to push for a political will to do so. The United States has food assistance programs that not only help further our economy, but also help distribute food in an equitable way to prevent hunger. The Supplemental Nutrition Assistance Program (SNAP) is the most effective anti-hunger program in the country, helping to lift thousands of individuals and families out of hunger each year.

Sadly, SNAP is at risk of losing necessary funding this year as lawmakers decide how much should be allocated to critical anti-poverty programs. The Farm Bill, which funds key agricultural programs such as SNAP, is also up for a reauthorization vote in 2018. In the year leading up to this vote, it will be critical that members of Congress hear stories about the value of SNAP and how it has helped millions of families all over the nation put food on the table.

Cutting funding to key anti-hunger programs like SNAP will only grow hunger in this country. SNAP is a resource which helps individuals and families when they face financial hardships that

⁴² Kaiser Family Foundation. "Understanding the Intersection of Medicaid and Work." <http://www.kff.org/medicaid/issue-brief/understanding-the-intersection-of-medicaid-and-work/>

⁴³ Center on Budget and Policy Priorities. "Medicaid Work Requirement Would Limit Health Care Access Without Significantly Boosting Employment." <http://www.cbpp.org/research/health/medicaid-work-requirement-would-limit-health-care-access-without-significantly>

⁴⁴ Feeding America. "Impact of Hunger." <http://www.feedingamerica.org/hunger-in-america/impact-of-hunger/>

"This unconscionable fact means a child in our state is not developing his/her brain, is not able to concentrate on school work, has trouble fighting off disease and is jeopardizing his/her future health, wellness and economic productivity."

- RESULTS Volunteer Lila Bartel in a January 1 letter to the editor in the Topeka Capitol-Journal

affect their ability to access food. The program was developed to help families only as long as they need assistance, often only until they can get back on their feet. Cutting the program will strip away this tool helping families lift themselves out of poverty. Over the next year, RESULTS will continue to advocate for the importance of SNAP in reducing hunger and poverty in our country.

The Supplemental Food Assistance Program (SNAP)

The Supplemental Nutrition Assistance Program (SNAP) – formerly known as food stamps – acts as the nation's frontline safety net against hunger. Its goal is to alleviate hunger and malnutrition by permitting low-income households to obtain a more nutritious diet. SNAP provides a monthly benefit amount to eligible low-income families that can be used to purchase food. Eligibility for SNAP is based on household income and assets, and because this is a federal entitlement program, all those who qualify for benefits should receive them. Overall, SNAP is an impactful and effective program. In 2015, it succeeded in lifting nearly 5 million people above the poverty line.⁴⁵ Over 40 million people — almost half of them children — receive SNAP benefits.⁴⁶ SNAP is also one of the most efficient government programs, with more than 99 percent of benefits being issued to eligible households.⁴⁷ About 70 percent of SNAP participants are families with children, and more than 25 percent are in households with seniors or people with disabilities.⁴⁸

SNAP helps working families make ends meet. More than half of SNAP households with at least one working-age, non-disabled adult, and more than 60 percent of households with children, work while participating in SNAP. SNAP is also structured as a work incentive: for every additional dollar a SNAP recipient earns, SNAP benefits decline by only 24 to 36 cents.⁴⁹

⁴⁵ The United States Census Bureau. "The Supplemental Poverty Measure: 2015."

<https://www.census.gov/library/publications/2016/demo/p60-258.html>

⁴⁶ U.S. Department of Agriculture. <https://www.fns.usda.gov/pd/supplemental-nutrition-assistance-program-snap>

⁴⁷ Center on Budget and Policy Priorities. "SNAP Error Rates at All-Time Lows."

<http://www.cbpp.org/research/snap-error-rates-at-all-time-lows?fa=view&id=4159>

⁴⁸ Center on Budget and Policy Priorities. "Policy Basics: Introduction to the Supplemental Nutrition Assistance Program (SNAP)."

<http://www.cbpp.org/research/policy-basics-introduction-to-the-supplemental-nutrition-assistance-program-snap>

⁴⁹ Congressional Research Service. "Work Requirements, Time Limits, and Work Incentives in TANF, SNAP, and Housing Assistance." <https://www.hslc.org/?view&did=751040>

Families that receive SNAP thus have a strong incentive to work more hours or search for better-paying jobs. Moreover, SNAP is critically important for local economies. The U.S. Department of Agriculture (USDA) reports that SNAP is one of the most effective economic stimuli: every five dollars spent in new SNAP benefits creates nine dollars in economic activity.⁵⁰

SNAP is an effective response to hunger in times of emergencies or economic downturn. For example, during the Great Recession, SNAP responded exactly as it was designed to by helping tens of millions of Americans weather that crisis. Unfortunately, policymakers have indicated they may attack the fundamental structure of SNAP and other anti-poverty programs – in essence, converting programs to capped state block grants under the guise of “merged funding streams”. It is critical that our core anti-hunger program continue to be able to react quickly and strongly to local needs. RESULTS opposes changes to SNAP that would harm vulnerable children and families, increase hunger, and reduce SNAP’s effectiveness.

Upcoming Threats to SNAP

President Trump’s Fiscal Year 2018 budget proposal includes deep cuts for programs for low- and moderate-income people. This plan cuts all basic assistance programs by an estimate of \$2.5 trillion in the next decade.⁵¹ In the 2018 budget proposal, President Trump proposed a 25 percent cut to SNAP that would total \$193 billion.⁵² This will cut SNAP funding by a quarter resulting in both eligibility and benefit cuts, which will end up affecting millions of low-income households.⁵³ Unfortunately, some members in Congress and the current administration are pushing for deeper cuts to SNAP and structural changes that would undermine the program. On top of this, the Trump budget proposal leads to further damage due to the following:

- **The cap on benefits towards larger households, which could end up hurting seniors**
- **Prohibiting states from assisting, poor working families with an, income over 130 percent of poverty.⁵⁴**
- **Shifting costs to states by requiring them to pay for a percentage of SNAP benefits starting with a 10 percent match in 2020 and 25 percent by 2023.⁵⁵**
- **The cuts in total would equate to 45 billion less meals to hungry families, and would shift \$100 billion in costs to states.⁵⁶**

⁵⁰ United States Department of Agriculture Economic Research Service. “Supplemental Nutrition Assistance Program (SNAP) Linkages with the General Economy.”

<https://www.ers.usda.gov/topics/food-nutrition-assistance/supplemental-nutrition-assistance-program-snap/economic-linkages/>

⁵¹ Center on Budget and Policy Priorities. “Trump Budget Gets Three-Fifths of its Cuts from Programs for Low- and Moderate-Income People.” <http://www.cbpp.org/research/federal-budget/trump-budget-gets-three-fifths-of-its-cuts-from-programs-for-low-and>

⁵² Ibid.

⁵³ Ibid.

⁵⁴ FRAC. “President’s Brutal Budget Will Cause a Spike in Hunger and Poverty for Millions.” <http://frac.org/news/presidents-brutal-budget-will-cause-spike-hunger-poverty-millions>

⁵⁵ Budget of the U.S. Government. "A New Foundation for American Greatness." <https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/budget/fy2018/budget.pdf>

"Without #SNAP and school lunches, my children would have been at a nutritional deficit a harder life."

- RESULTS Expert on Poverty Pamela M. Covington via Twitter

In 2016, House Speaker Paul Ryan proposed “block granting” the program, reducing the size of the benefits, and restricting the eligibility for the program.⁵⁷ If turned into a block grant, SNAP would be less able to respond during economic downturns and states would be able to move funds from SNAP to other programs during budget shortfalls.⁵⁸ No other federal program except unemployment insurance responds better to changing economic conditions than SNAP. Households that received SNAP benefits saw their food insecurity decrease by 5 to 10 percentage points.⁵⁹ The recent economic crisis is proof of the importance of programs like SNAP. Because of its structure as a mandatory program requiring benefits be provided to all eligible participants, it was able to respond quickly and effectively when millions of people lost their jobs and income. Without this backstop, millions more American children and families would be hungry today. As the economy improves and unemployment decreases, SNAP participation automatically declines and fall to lower levels of the GDP.

SNAP also responds in the wake of disasters when the special Disaster SNAP (D-SNAP) program kicks in. The amount of D-SNAP benefits issued depends on the number and magnitude of disasters during the year and requires no Congressional action. Disaster driven SNAP benefits more than doubled in 2006 due to Hurricanes Katrina and Rita on the Gulf Coast. Without this vital program, families, people with disabilities, and the elderly would be left without food as they attempt to rebuild their lives after a devastating natural disaster.

While the president’s proposed deep cuts to SNAP were met with skepticism on Capitol Hill, and Congress will likely not take up legislation that will fundamentally restructure nutrition programs in 2017, there are serious threats to SNAP and other basic assistance programs in the FY 2018 Budget. Congress can “fast track” cuts and major changes to SNAP, along with Medicaid and other anti-poverty programs, through the budget reconciliation process – which limits debate and allows policymakers to enact cuts to programs with a simple majority in both chambers. On July 19, the House Budget Committee targets SNAP with \$____ in cuts by tightening work requirements and “state flexibility”, with \$10 billion “fast tracked” via budget reconciliation.⁶⁰ The

⁵⁶ Center on Budget and Policy Priorities, "House 2017 Budget Plan Would Slash SNAP by More Than \$150 Billion Over Ten Years" <http://www.cbpp.org/research/food-assistance/house-2017-budget-plan-would-slash-snap-by-more-than-150-billion-over-ten>

⁵⁷ "A Better Way: Our Vision for a Confident America"
https://abetterway.speaker.gov/_assets/pdf/ABetterWay-Poverty-PolicyPaper.pdf

⁵⁸ Center on Budget and Policy Priorities, "Ryan and Block-Granting the Safety Net"
<http://www.cbpp.org/blog/ryan-and-block-granting-the-safety-net>

⁵⁹ Center on Budget and Policy Priorities, "Chart Book: SNAP Helps Struggling Families Put Food on the Table" <http://www.cbpp.org/research/food-assistance/chart-book-snap-helps-struggling-families-put-food-on-the-table?fa=view&id=3744#part3>

⁶⁰ Roll Call: <http://www.rollcall.com/news/politics/house-republicans-ignore-endgame-drafting-budget-resolution>

full House and Senate will not take up their budget resolutions until after the August recess. However, conversations with policymakers this month about protecting and strengthening SNAP will be critical to stopping efforts to “fast track” cuts to SNAP.

Meanwhile, Congress has begun work on the Farm Bill, the legislative vehicle Congress uses to make major changes to SNAP, with reauthorization scheduled to be completed in 2018. This means that Congressional Members will need to evaluate which programs covered under the Farm Bill will continue to be funded and to what degree. Despite the importance of SNAP for millions of families, we are very concerned that Congress may look again to make deep cuts or structural changes to SNAP.

An Agenda to Strengthen SNAP

Based on the feedback of [RESULTS Experts on Poverty](#) and others, RESULTS supports an agenda that will not only protect SNAP, but focus on strengthening anti-hunger programs. In particular, [SNAP's meal allotment of about \\$125 per month, or about 1.40 per meal, per person](#) is inadequate to meet the nutritional needs of hungry Americans.⁶¹ Low-income families report that to meet their food needs, they would need to spend an additional \$4 to \$9 per person per week on food, or about \$17 to \$40 per month. Food-insecure families, who are more likely to be poorer, report needing an additional \$12 to \$20 per person per week (about \$50 to \$85 per month).⁶² As a result, when times are tough many families are more likely to postpone other necessary costs, included needed healthcare, often [resulting in higher ER costs](#).⁶³

Researchers at the University of Kentucky⁶⁴ and from Dartmouth and Wellesley Colleges⁶⁵ have examined the potential impact of raising SNAP benefits by 20 percent. They find that increasing SNAP's benefits would reduce food insecurity and increase consumption of more nutritious foods. The Children's Defense Fund reports that this change would reduce child poverty by 16 percent, lifting 1.8 million children out of poverty, and would cost approximately \$23.2 billion.⁶⁶ RESULTS supports legislation, such as [H.R. 1276](#) that will increase SNAP's benefits for millions.⁶⁷

RESULTS urges Congress to create and support policies that give people the resources they need to make ends meet, including strong safety net and social insurance programs for those who are struggling financially, and that policies must support Americans as they move up the

⁶¹ Kaiser Family Foundation: <http://kff.org/other/state-indicator/avg-monthly-food-stamp-benefits/>

⁶² CBPP: <http://www.cbpp.org/blog/house-gop-vows-to-fight-poverty-but-its-budget-would-eviscerate-anti-poverty-spending>

⁶³ National Institutes of Health, “Exhaustion of Food Budgets at Month's End and Hospital Admissions for Hypoglycemia” <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4215698/>

⁶⁴ University of Kentucky professor James Ziliak, for the Hamilton Project:
http://www.hamiltonproject.org/papers/modernizing_snap_benefits

⁶⁵ Patricia M. Anderson of Dartmouth College and Kristin F. Butcher of Wellesley College:
<http://www.cbpp.org/research/the-relationships-among-snap-benefits-grocery-spending-diet-quality-and-the-adequacy-of-low>

⁶⁶ Children's Defense Fund:
<http://www.childrensdefense.org/library/PovertyReport/EndingChildPovertyNow.html#chapter2>

⁶⁷ RESULTS: <http://www.capwiz.com/results/issues/bills/?bill=78170636>

income ladder, providing the adequate supports needed over a sustained period of time for families transitioning out of poverty. At times, low-income Americans abruptly lose some benefits (the “cliff effect”) as they work to get on their feet by entering the workforce or higher paying jobs. Several RESULTS Experts on Poverty have shared about the impact of the “cliff effect” on their own lives. Generally, SNAP is structured as a work incentive: for every additional dollar a SNAP recipient earns, [SNAP benefits decline by only 24 to 36 cents.](#)⁶⁸ Families that receive SNAP thus have a strong incentive to work more hours or search for better-paying jobs. RESULTS hopes that policymakers would do to support people who are transitioning out of poverty and up the income ladder through increased investment to smooth out cliffs without undermining the core benefits of SNAP and other anti-poverty programs

It is worth noting that there may be threats also to child nutrition programs. Child nutrition programs feed over 22 million low-income children out of the 95,000 schools on a daily basis. If the block grants that were proposed for the programs would cause drastic changes in the child’s diet, health, and academic performance.⁶⁹

RESULTS will continue to push for policies to end hunger and poverty in the United States, and we are excited about proactive strategies to strengthen programs based on the insights of RESULTS Experts on Poverty and others. Thank you for your interest in nutrition programs and in raising your voice to make a big difference!

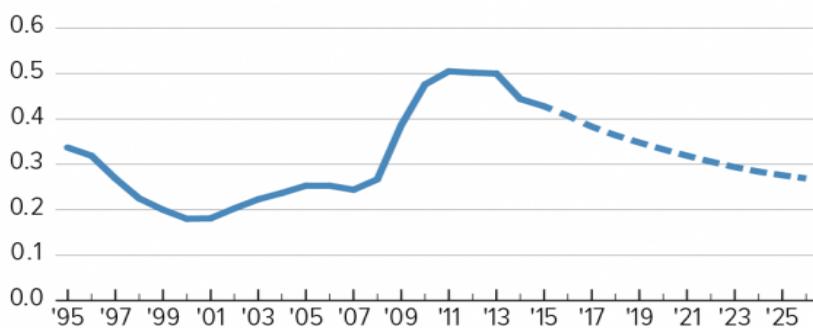
Frequently Asked Questions about Nutrition Programs

Isn't US government spending on SNAP and other nutrition programs growing out of control?

Although it is true that SNAP spending rose greatly during the Great Recession, in the years following the spending pattern was quite the opposite. In 2015, for the second year in a row, SNAP spending had dropped. If all aspects of the program were to stay the same, the

SNAP Costs Falling, Projected to Fall Further

Spending as a share of gross domestic product



⁶⁸ Congressional Research Service

http://greenbook.waysandmeans.house.gov/sites/greenbook.waysandmeans.house.gov/files/R43400_gb.pdf

⁶⁹ Center on Budget and Policy Priorities: House Proposal to Block –Grant School Meal Programs Would Put Children’s Nutrition at Risk. <http://www.cbpp.org/research/food-assistance/house-proposal-to-block-grant-school-meal-programs-would-put-childrens>

Congressional Budget Office (CBO) expected that spending on SNAP as a share of Gross Domestic Product would continue to drop.

Isn't it true that nutrition programs such as SNAP lessen the need for personal responsibility and discourage work?

It is not secret that the vast majority of SNAP recipients who can work do so. Of households which have at least one working-age, non-disabled adult, more than 50 percent work while receiving SNAP. Additionally, more than 80 percent of these households either during the year prior or the year after receiving SNAP benefits. For families with children, these rates are even higher with more than 60 percent working while receiving SNAP and almost 90 percent working the year before or after receiving SNAP benefits. About 56 percent of the SNAP recipients stopped participating within 36 months, while the other 43 percent have continued to use the program for up to three to four years.⁷⁰

Wouldn't block granting the program allow for more state flexibility? Shouldn't Governors know their state's needs better than anyone else?

A perfect example of what block grants can do is what happened Temporary Assistance for Needy Families (TANF) block grant program that was restructured to a block grant in 1996. The same argument for state flexibility was made then, by shifting to a block grant, states were able to shift the funds freed up when families left welfare for work to child care or wherever else a need increased. This worked briefly, however, over time states continuously redirected a large portion of this allotment to other purposes often filling in state budget holes. Given this shift, even during times of greater need, for example the Great Recession, many states had become too reliant on these funds in other parts of budget and were unable to bring them back to cover core welfare services. SNAP is a program that helps millions of people and we cannot let the promise of flexibility let what happen to TANF also happen to SNAP.

Understanding Wealth and Income Inequality in the United States

The income gap has widened since the 1970s as those with the highest incomes have continued to see strong growth while everyone else's incomes have been stagnant. The current concentration of income at the very top has risen to levels similar to the 1920s, right before the Great Depression. What has not gained enough attention is the growing gap in wealth, which gives a fuller understanding of the impact of racism in America.

⁷⁰ Huffington Post: How Long Do People Stay On Public Benefits?
http://www.huffingtonpost.com/2015/05/29/public-benefits-safety-net_n_7470060.html

Wealth – the value of a household's property and financial assets, minus the debts owed – is even more highly concentrated at the top than income. The graph below demonstrates that share of wealth for the top 0.1 percent wealthiest Americans has continued to grow while their share of income has decreased in the last few years. In other words, as their income decreased, their wealth still increased.

In 2013, the wealthiest three percent received roughly one-third of all income and held more than half of all wealth. This changed over time, when the share of wealth held by the top three percent rose from 44.8 percent in 1989 to 54.4 percent in 2013, while the share held by the bottom 90 percent fell from 33.2 percent in 1989 to 24.7 percent that same year.⁷¹ Even more shockingly, in 2013, the top one percent owned 42 percent of our nation's total wealth, while the bottom forty percent only owned 0.3 percent.⁷² The consequences of this wealth concentration are profound.

According to a study conducted by the Princeton Survey Research Associates International, in December of 2015, 63 percent of Americans did not have enough savings to cover a \$500 emergency.⁷³ On top of that, nearly one-third of American households do not possess a savings account, suggesting widespread financial vulnerability.⁷⁴ Without having enough emergency savings to cover an unexpected financial burden, families risk being pushed into poverty or deeper into poverty.

Liquid asset poverty is a significant problem. Liquid asset poverty indicates that a household does not have enough liquid assets (assets that can be converted to cash quickly) to allow them to live at the poverty level for more than three months without an income. Nearly half of all households (43.5 percent) are in liquid asset poverty.⁷⁵ Households of color are disproportionately impacted by liquid asset poverty with only 34.7 percent of white households facing liquid asset poverty while 67.2 percent of black households and 71 percent of Hispanic

⁷¹ Center on Budget and Policy Priorities, "A Guide to Statistics on Historical Trends in Income Inequality". http://www.cbpp.org/research/poverty-and-inequality/a-guide-to-statistics-on-historical-trends-in-income-inequality#_ftn33

⁷² Thomas Shapiro, The Summit on Inequality and Opportunity https://www.youtube.com/watch?v=UBoekJ3tbmA&feature=youtu.be&t=4h27m#3&utm_source=FIELD++Event+Recaps+%28B%29&utm_campaign=FIELD++Event+Recaps+%28B%29&utm_medium=email

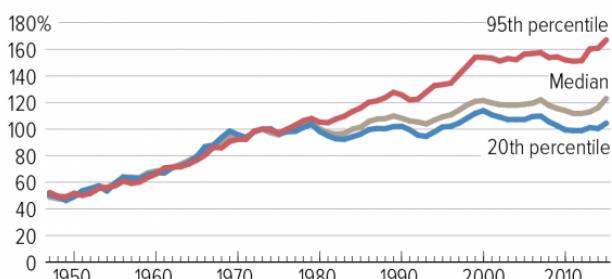
⁷³ Bankrate, "Survey: How Americans Contend with Unexpected Expenses" <http://www.bankrate.com/banking/savings/survey-how-americans-contend-with-unexpected-expenses/>

⁷⁴ New America, "Flexible Savings: The Missing Foundation for Financial Security and Economic Mobility" <https://www.newamerica.org/asset-building/policy-papers/flexible-savings/>

⁷⁵ Prosperity Now, Assets & Opportunity Scorecard: "Liquid Asset Poverty Rate". <http://scorecard.assetsandopportunity.org/2013/measure/liquid-asset-poverty-rate>

Income Gains Widely Shared in Early Postwar Decades — But Not Since Then

Real family income between 1947 and 2015, as a percentage of 1973 level



Note: In 2014 Census split its sample of survey respondents into two groups to test a set of redesigned income questions. In 2015 (reporting on 2014 income using the new questions), Census released two estimates of 2013 incomes, one based on the old questions and one on the new. The chart uses the estimate based on the old questions, based on CBPP's judgment that, due in part to sample size, it is likely more accurate for 2013.

Source: CBPP calculations based on U.S. Census Bureau Data

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households do.⁷⁶ Liquid asset poverty can lead to added stresses such as food insecurity or an inability to pay the bills. Low-income families who are liquid-asset poor are twice as likely to report increased hardships compared to similar families with sufficient liquid assets.⁷⁷

Building savings and assets is an integral part of ending poverty, yet few financial instruments are designed for low-income families. Savings helps improve household stability and without savings, families are always at the risk of falling into or deeper into poverty when financial crises arise. These financial crises can come from a divorce, a medical emergency, or any number of circumstances. With assets, people are better able to weather financial emergencies, thus reducing the chances of disorder in the household. Children in low income families who save do better academically and are more likely to move out of poverty as adults.⁷⁸ A national conversation on wealth inequality and asset-building is far too limited and needs more attention.

How Our Tax Code Perpetuates Income Inequality

The racial wealth gap is a pervasive inequity in this country that has lasted for too long. It is important that we understand the historical roots of wealth inequality, and how poverty rates and wealth inequality disproportionately affect communities of color. RESULTS' efforts to expand tax credits for low-income working families, along with our work to protect and strengthen basic nutrition and health programs, could have an impact on the racial wealth gap. Unfortunately, efforts to pass large-scale tax cuts that benefit primarily those that have already accumulated significant wealth while putting investments in basic health and nutrition programs at risk could be devastating and make racial wealth inequality far worse. Tax fairness is not only important in lifting up all families, but is particularly critical in supporting families of color to move up socioeconomically.

Understanding America's history and tax system is fundamental to creating equitable public policies. When done right, tax policy can empower all Americans to save, invest, and build wealth. However, the current U.S. tax code benefits wealthier families in terms of wealth creation much more than middle and low-income families. In 2015, the \$660 billion in federal spending on these programs, with a few exceptions, largely served to expand the wealth of those at the top.⁷⁹ Most individuals and families (those in the bottom 60 percent) receive less than 12 percent of the benefits from these programs. When thinking about annual tax benefits, a family in the top one percent could buy a Cadillac with their tax savings and credits while a family in the bottom 20 percent could barely fill the gas tank.⁸⁰ Thus, these tax expenditures on asset-building start feeling, as Prosperity Now likes to call it, "upside down" – those who need it

⁷⁶ Ibid.

⁷⁷ New America, "Flexible Savings: The Missing Foundation for Financial Security and Economic Mobility" <https://www.newamerica.org/asset-building/policy-papers/flexible-savings/>

⁷⁸ Prosperity Now, "Saving Up, Moving Up? Children, Savings & Opportunity" <https://prosperitynow.org/articles/saving-moving-children-savings-opportunity>

⁷⁹ Prosperity Now, "Turn it Right-Side Up" <https://prosperitynow.org/advocate/tax-reform>

⁸⁰ Prosperity Now, "From Upside Down to Right-Side Up" <https://prosperitynow.org/resources/upside-down-right-side-redeploying-540-billion-federal-spending-help-all-families-save>

least get the most, and those who need it most get the least. Creating tax policy that steers toward opportunity and equity for all Americans will begin to address these gaping inequalities.

Understanding and Reducing the Racial Wealth Gap

The stark disparity in wealth grows even more when stratified by race. In 2011, for every one dollar that Whites held in wealth, Blacks held only six cents and Latinos held only seven cents in wealth.⁸¹ Native American median wealth was only 8.7 percent of all Americans' median wealth in 2000.⁸² An Urban Institute study found that the racial wealth gap expanded during the Great Recession, even as the income gap between White Americans and Non-white Americans remained stable.⁸³

Even though education is often viewed as the vehicle of opportunity, it has not come close to undoing the entrenched wealth gap – the average Black college graduate still owns less wealth than a White *high school dropout* does.⁸⁴

Instead, homeownership is a significant factor in the racial wealth gap. Owning a home is still the primary way most Americans build their personal wealth and when there are great disparities in homeownership, it becomes a large driver in the creation of the wealth gap. According to Brandeis University's Institute on Assets and Social Policy, generational differences in homeownership counts for 27 percent of the racial wealth gap, compared to 20 percent for income and five percent for education.⁸⁵ In 2013, fewer than half of Black and Latino households owned a home compared to almost three-fourths of White households.⁸⁶ Though the Great Recession exacerbated this problem, the racial homeownership gap is directly attributed to the racial segregation and discrimination our government practiced for centuries.

⁸¹ Center for Global Policy Solutions, "Beyond Broke: Why Closing the Racial Wealth Gap is a Priority for National Economic Security" http://globalpolicysolutions.org/wp-content/uploads/2014/04/Beyond_Broke_FINAL.pdf

⁸² Economic Policy Institute, "Native Americans and Jobs: The Challenge and the Promise" <http://www.epi.org/publication/bp370-native-americans-jobs/>

⁸³ Urban Institute, "Less Than Equal: Racial Disparities in Wealth Accumulation" <http://www.urban.org/research/publication/less-equal-racial-disparities-wealth-accumulation>

⁸⁴ Demos, "White High School Dropouts Have More Wealth than Black and Hispanic College Graduates" <http://www.demos.org/blog/9/23/14/white-high-school-dropouts-have-more-wealth-black-and-hispanic-college-graduates>

⁸⁵ Institute for Assets and Social Policy, "The Roots of the Widening Racial Wealth Gap: Explaining the Black-White Economic Divide" http://iasp.brandeis.edu/pdfs/2013/Roots_of_Widening_RWG.pdf

⁸⁶ DEMOS/IASP, "The Racial Wealth Gap: Why Policy Matters" http://www.demos.org/sites/default/files/publications/RacialWealthGap_1.pdf

The History of the Racial Wealth Gap

Racial wealth inequality dates back to the founding of this country: Europeans forcibly removed Native Americans from their own land in order to create the current United States. Many White Americans were able to build and grow their own wealth through owning Black slaves and conquering Native American territories. Sadly, this violence is part of the foundation of the modern United States. Even after the prohibition of slavery and land grabbing, discriminatory public policies and an unbalanced tax system maintain racial injustice. Consequently, the racial wealth gap grew to what it is today.

When looking at the racial wealth gap, many assume that the residential isolation of communities of color is only the accident of economic circumstance, a natural phenomenon. However, twentieth century history reminds us that residential segregation and the racial wealth gap derives from racially-motivated public policy. Even though racial segregation in housing was outlawed in a 1948 Supreme Court case,⁸⁷ the federal government still allowed localities across the country to prevent racial minorities from moving into White neighborhoods. Practices such as blockbusting,⁸⁸ redlining,⁸⁹ and racialized zoning laws⁹⁰ (see box above) created deep segregation and blocked households of color from owning their homes and receiving adequate public investment in their neighborhoods. These segregationist policies have created decades-long consequences. According to the Economic Policy Institute:

- Seven percent of poor Whites lived in high poverty neighborhoods (more than 40 percent of the residents are poor), up from four percent in 2000.
- 15 percent of poor Latinos lived in high poverty neighborhoods in 2011, up from 14 percent in 2000
- 23 percent of poor Blacks lived in high poverty neighborhoods in 2011, up from 19 percent in 2000.⁹¹

Living in concentrated poverty not only severely decreases a family's chance to afford their own home, houses decrease in value in high poverty neighborhoods, making it hard to for those who can afford a home to build or maintain wealth.

Furthermore, some of the most important U.S. policies for economic mobility in the Twentieth century were not accessible for families of color. When first enacted, the Social Security Act of 1935 excluded certain domestic workers and farmers from participating in the program. Because these professions were primarily employed by Black Americans, this exclusion had the effect of excluding 65 percent of Black workers from Social Security. The law was not changed to include these workers until 1954, almost two decades later. Also, the G.I. bill signified an important time in which the federal government invested in providing affordable education and housing to World War II veterans and their families.⁹² This bill is largely credited for the creation of the

⁸⁷ Justia, "Shelley v. Kraemer" <https://supreme.justia.com/cases/federal/us/334/1/case.html>

⁸⁸ Encyclopedia of Chicago, "Blockbusting" <http://www.encyclopedia.chicagohistory.org/pages/147.html>

⁸⁹ Encyclopedia of Chicago, "Redlining" <http://www.encyclopedia.chicagohistory.org/pages/1050.html>

⁹⁰ Investopedia, "Zoning" <http://www.investopedia.com/terms/z/zoning.asp>

⁹¹ Economic Policy Institute, "Modern Segregation" <http://www.epi.org/publication/modern-segregation/>

⁹² History.com, "G.I. Bill" <http://www.history.com/topics/world-war-ii/gi-bill>

American middle class. However, because of Jim Crow⁹³ and other racist policies, veterans of color were not afforded the same opportunity. If a Black or Native American veteran lived in an area in which Jim Crow was prevalent, then the local Veterans' Administration could deny their benefits or relegate them to lower quality and segregated housing options. In the times in which White families were provided important opportunities for mobility and wealth accumulation, families of color were intentionally, and sometimes violently, excluded from these important federal policies.

The Fair Housing Act of 1968 officially ended discriminatory housing practices. This Act prohibited discrimination in the sale, rental, and financing of dwellings based on race, color, religion, sex, or national origin. It allowed the Department of Housing and Urban Development to play an expanded role in forcing local communities across the country to obey the law.⁹⁴ This was a significant victory in helping protect people of color from housing discrimination. Although the Fair Housing Act and other civil rights initiatives formally banned racial discrimination in housing, the new policies did not reverse the already existing racial wealth gap.

In recent history, the Great Recession negatively impacted the wealth of millions of American families; however, the impact has been particularly hard on families of color. Consequently, White net wealth was 10 times greater than that of Latino wealth and nearly 13 times that of Black wealth in 2013.⁹⁵

White Americans have had a huge head start in generating wealth throughout our nation's history, while Americans of color were only given meaningful opportunities to build wealth 1-2 generations ago. Without the comparable wealth that was intentionally denied to them for so long, families of color are much more vulnerable to financial emergencies and have less opportunity to move up the economic ladder.

Analyzing Policies to Close the Racial Wealth Gap

The U.S. racial wealth gap is substantial and is largely driven by public policy decisions. From the continued impact of redlining on American homeownership to the decline of desegregation initiatives in public education, policy has shaped these disparities, leaving them impossible to overcome without racially-aware policy change. There is no one policy solution that would, by itself, eliminate the racial wealth gap. But it is important to understand policies that can address wealth inequality, and RESULTS is putting an explicit priority on those policies that will build wealth in communities of color. This is a process that will take time, but it is important to understand some of the policy options that will substantively reduce the racial wealth gap.

DEMOS and the Brandeis University's Institute for Assets and Social Policy (IASP) co-authored a report detailing the profound impact public policy has on the racial wealth gap, using a tool developed by IASP – the Racial Wealth Audit.⁹⁶ The report considers the reduction of the black-

⁹³ Public Broadcasting Station, "The Rise and Fall of Jim Crow" <http://www.pbs.org/wnet/jimcrow/>

⁹⁴ U.S. Department of Housing and Urban Development, "The Fair Housing Act" https://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/progdesc/title8

⁹⁵ Pew Research Center, "Wealth Inequality has Widened Along Racial, Ethnic Lines Since end of Great Recession" <http://www.pewresearch.org/fact-tank/2014/12/12/racial-wealth-gaps-great-recession/>

⁹⁶ The Racial Wealth Audit <http://racialwealthaudit.org/>

white racial wealth gap if proposed policy initiatives were passed. Their main findings are summarized below⁹⁷:

If public policy eliminated disparities in homeownership rates and returns, the racial wealth gap would be substantially reduced. According to the Census Bureau, in 2017 homeownership rates for White households was 71.8 percent. Meanwhile, only 56.8 percent of Asian, Native Hawaiian and Pacific Islander households, 46.6 percent of Hispanic households and 42.7 percent of Black households owned their homes in 2017.⁹⁸ If public policy successfully eliminated racial disparities in homeownership rates, so that Blacks and Latinos were as likely as white households to own their homes, the wealth gap between Black and white households would shrink 31 percent. The wealth gap between Latino and white households would shrink by 28 percent.

If public policy eliminated disparities in graduation and the return on a college degree, there would be a modest but direct impact on the racial wealth gap. In 2011, 34 percent of whites had completed four-year college degrees compared to just 20 percent of Blacks and 13 percent of Latinos. If public policy successfully equalized the return to college graduation, the wealth gap between Black and white households would shrink 10 percent and 6 percent between Latino and white households.

If public policy successfully eliminated racial disparities in income, the wealth gap between Black and white households would shrink 11 percent. The Latino wealth gap with white households would shrink 9 percent. If public policy successfully equalized the return to income, so that each additional dollar of income going to Black and Latino households was converted to wealth at the same rate as white households, the wealth gap would shrink with white households by 43 and 50 percent respectively.

The below table is a quick breakdown of findings in the Demos/IASP report and other analyses using the Racial Wealth Audit: Policy IASP Audit:

Policy	IASP Audit: Reduction of Black-White Wealth Gap
Student Loan Forgiveness for Low-Income Families	7 percent
Student Loan Forgiveness for Low-Wealth Families	37 percent
Student Loan Forgiveness for Everyone	WORSE
Equalize Homeownership Rates	31 percent
Equalize College Graduation Rates	1-3 percent
End Income Inequality	9-11 percent
Universal Savings Accounts at birth, with additional deposits	20-80 percent

⁹⁷ DEMOS/IASP, “The Racial Wealth Gap: Why Policy Matters”
http://www.demos.org/sites/default/files/publications/RacialWealthGap_1.pdf

⁹⁸ The United States Census Bureau, “Quarterly Residential Vacancies and Homeownership, First Quarter 2017” <https://www.census.gov/housing/hvs/files/currenthvspress.pdf>

Tax policy can act as a tool to close the racial wealth gap. The Earned Income Tax Credit (EITC) and low-income portion of the Child Tax Credit (CTC) are particularly beneficial for communities of color because these communities experience higher rates of poverty. For example, in 2015 Blacks made up 24.1 percent of those living in poverty, but only about 12 percent of the general population⁹⁹. Hispanics made up 21.4 percent of those living in poverty, but only 18 percent of the general population. Meanwhile, Whites only made up 9.1 percent of those living in poverty in the United States but represent 61 percent of the general population¹⁰⁰. These numbers are even more alarming for children of color. In 2017, 65 percent of Black children and 63 percent of Hispanic children are living in poor or low-income households in the United States.¹⁰¹

Consequently, tax credits targeted to low-income populations as well as other savings policies will help to close the racial wealth gap and decrease poverty rates in those communities. The U.S. tax code already includes over a half a trillion dollars in tax benefits that incentivize households to save and invest. However, lower-income households are not provided access to these benefits. For example, in 2017 only about 43 percent of Black households owned their homes and are thus unable to take advantage of homeownership tax subsidies. In comparison, about 72 percent of White households owned their households in 2017.¹⁰² Also, only four out of ten Black workers participate in an employer-based retirement savings account – another critical method of gaining wealth. (Read more about tax fairness on the RESULTS website.)¹⁰³

Unfortunately, we are likely to see tax proposals in the House and Senate that are overwhelmingly geared towards tax breaks for wealthy millionaires and corporations – which will certainly exacerbate the racial wealth gap further by continuing to enrich the wealthiest in our society. Unfortunately, there is no “racial wealth audit” of the president’s tax proposal or possible tax legislation in the House and Senate.

How “Tax Reform” Puts Basic Assistance Programs at Risk

⁹⁹ The Henry J. Kaiser Family Foundation, “Population Distribution by Race/Ethnicity” reporting United States Census Bureau data. <http://www.kff.org/other/state-indicator/distribution-by-raceethnicity/?currentTimeframe=0&selectedRows=%7B%22wrapups%22:%7B%22united-states%22:%7B%7D%7D%7D&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

¹⁰⁰ United States Census Bureau, “Income and Poverty in the United States: 2015” <https://www.census.gov/library/publications/2016/demo/p60-256.html>

¹⁰¹ U.S. Child Poverty Action Group, “Family Tax Policy: A Path Forward to Lifting Children out of Poverty” <https://static1.squarespace.com/static/5783bb3f46c3c42c527e1a41/t/58c73c58197aeab451423a2e/1489452123008/family+tax+policy+report+2017.pdf>

¹⁰² The United States Census Bureau, “Quarterly Residential Vacancies and Homeownership, First Quarter 2017” <https://www.census.gov/housing/hvs/files/currenthvspress.pdf>

¹⁰³ RESULTS, “Tax Fairness” http://www.results.org/issues/us_poverty_campaigns/economic_opportunity_for_all/tax_fairness

President Trump has labeled tax reform as one of the main policy goals in his presidential platform, and this spring he released a tax reform [proposal](#).¹⁰⁴ Some key components of his tax plan include lowering the corporate tax rate and repealing the estate tax. The estate tax is a tax on the assets transferred from one deceased person to a beneficiary after someone's death. Taxing wealth that is passed from generation to generation provides critical funding for anti-poverty programs from the revenue produced by the program, and also helps reduce the racial wealth gap through taxing accumulated wealth that would otherwise remain untaxed. The Joint Committee on Taxation estimates that repealing the estate tax would cost \$269 billion over ten years¹⁰⁵. The plan also would shift the tax code into four brackets and eliminates the Alternative Minimum Tax.¹⁰⁶

**Impact of Federal Tax Changes Proposed in Donald Trump's Revised Tax Plan
If Fully Implemented in Tax Year 2016**

	Average Income	Average Tax change	% of Income	Share of Tax Cut
Lowest 20%	\$ 15,100	\$ -200	-1.3%	2%
Second 20%	30,600	-433	-1.4%	4%
Middle 20%	48,800	-818	-1.7%	8%
Fourth 20%	81,000	-1,327	-1.6%	13%
Next 10%	124,200	-1,952	-1.6%	10%
Next 5%	175,500	-1,662	-0.9%	4%
Next 4%	308,300	-6,759	-2.2%	14%
Top 1%	1,723,100	-88,410	-5.1%	44%
ALL	\$ 84,500	\$ -1,959	-2.3%	100%
Ten-year cost of above		\$ -4.8 trillion		

Source: ITEP Microsimulation Tax Model, September 2016

Congressional leaders and the Trump Admini

"Trump's plan would make things worse. His tax proposal would widen the gross wealth inequality that already exists."

**– Debbie Baskin,
RESULTS Regional Coordinator in a May 11 letter to the editor in The Salt Lake Tribune**

stration are working on tax reform legislation, which most likely will not move forward until after the health care fight.¹⁰⁷ As these conversations occur among members of Congress, RESULTS urges Congress to ensure that any tax legislation is at least *revenue neutral* that does not put core anti-poverty programs at risk. If the legislation is instead "deficit neutral", Congress can choose which cuts they make to balance the budget. In other words, to pay for the loss of revenue from the tax cuts, they can opt to cut funding towards critical anti-poverty programs like SNAP and Medicaid.

¹⁰⁴ Donald Trump, "Tax Reform that will Make America Great Again"

<https://assets.donaldjtrump.com/trump-tax-reform.pdf>

¹⁰⁵ The Joint Committee on Taxation <https://www.jct.gov/publications.html?func=startdown&id=4761>

¹⁰⁶ Donald Trump, "Tax Reform that will Make America Great Again"

<https://assets.donaldjtrump.com/trump-tax-reform.pdf>

¹⁰⁷ The Washington Post, "Trump Changes Course Again, Says Healthcare Must Happen Before Tax Overhaul" https://www.washingtonpost.com/news/wonk/wp/2017/04/12/trump-changes-course-again-says-health-care-repeal-must-happen-before-tax-overhaul/?utm_term=.757d712f8711

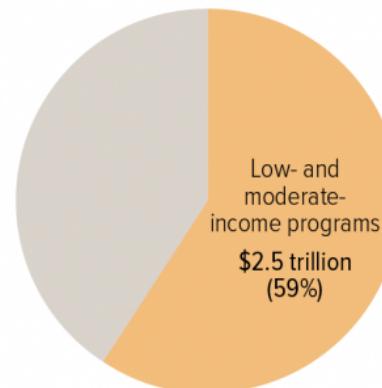
Another upcoming legislative battle will be the Fiscal Year 18 budget and cuts that it may make to anti-poverty programs. Every year, the president releases their own budget proposal. President Trump released his budget proposal in May, which summarizes his legislative priorities for the upcoming fiscal year.¹⁰⁸ Members of Congress are the ones who ultimately decide the budget. According to the Center on Budget and Policy Priorities, sixty percent of the cuts in the Trump budget come from programs benefiting low and middle income communities.¹⁰⁹ Some of these cuts are to critical programs like SNAP and Temporary Assistance for Needy Families (TANF). Critical tax credit programs such as the Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC) also are at risk of losing critical funding in the FY 2018 budget.

As Congress moves forward on a FY 2018 budget that may fast track both cuts to anti-poverty programs and paves the way for large-scale tax breaks, it is helpful to look at how tax cuts and spending cuts are related. For example, in his budget, President Trump proposed \$193 billion in cuts to SNAP over the next decade, which cuts the program funding by more than 25 percent of its current levels. Meanwhile, he has also proposed to completely eliminate the estate tax in his tax plan. Cutting the estate tax would cost an estimated \$174 billion over the next decade.¹¹⁰ This is just one of many tradeoffs of anti-poverty programs that are at risk of losing funding, while the wealthy will receive tax breaks to help them accumulate even more wealth.

The Better Care Reconciliation Act (BCRA), the proposed Senate legislation that would repeal and replace the Affordable Care Act, also included extreme tax cuts. The legislation includes an estimated \$563 billion in tax cuts for the richest Americans and corporations¹¹¹. The bill

Three-Fifths of Cuts in Trump Budget Come From Low- and Moderate-Income Programs

Total cuts, 2018-2027



Source: CBPP based on Office of Management and Budget and Congressional Budget Office

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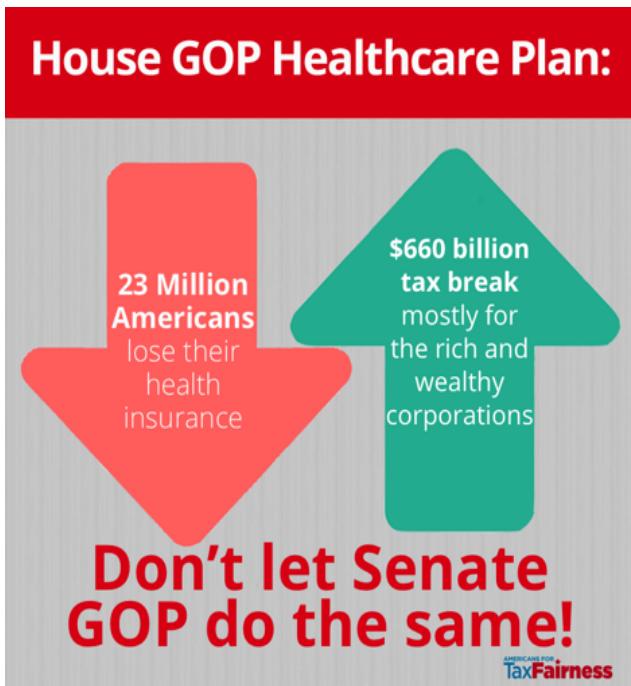
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¹⁰⁸ The White House, “Budget of the U.S. Government: A New Foundation for American Greatness” Fiscal Year 2018. <https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/budget/fy2018/budget.pdf>

¹⁰⁹ Center on Budget and Policy Priorities, “Trump Budget Gets Three-Fifths of Its Cuts from Programs for Low- and Moderate-Income People. <http://www.cbpp.org/research/federal-budget/trump-budget-gets-three-fifths-of-its-cuts-from-programs-for-low-and>

¹¹⁰ Americans for Tax Fairness, “Trump’s Budget: Steals from Working Families to Give Tax Breaks to Billionaires & Big Corporations” <https://americansfortaxfairness.org/trumps-budget-steals-working-families-give-tax-breaks-billionaires-big-corporations/>

¹¹¹ Center on Budget and Policy Priorities, “Senate Bill No Better than House Version” <http://www.cbpp.org/research/health/senate-health-bill-no-better-than-house-version>



eliminates taxes on insurers, drug companies and medical company manufacturers and also repeals two Medicare taxes that only apply to families making over \$250,000 per year. By 2025, Americans for Tax Fairness estimates these tax cuts would total over \$50,000 per year for households making over \$1 million annually. These tax cuts come at the expense of low and middle-income families. The Congressional Budget Office estimated that under the BCRA, 22 million Americans would become uninsured in the next decade¹¹². The bill also includes extreme cuts to the Medicaid program, which are detailed in the healthcare section of this packet.

The House version of the legislation, called the American Health Care Act (AHCA), also includes tax breaks for the wealthy¹¹³.

According to the Americans for Tax Fairness,

the AHCA legislation includes a total of \$660 billion in tax breaks for the wealthy and corporations. Unfortunately, these tax breaks are in large part being paid for by cuts to the Medicaid program. The AHCA includes the repeal of a 3.8 percent investment tax and a 0.9 percent Medicare payroll tax.¹¹⁴ About 40 percent of the savings from the tax cuts proposed in the AHCA goes to the top 1 percent of earners, and about 64 percent go to the top 20 percent of earners.¹¹⁵ The healthcare bill is just one more avenue to provide tax breaks for millionaires and billionaires at the expense of families in poverty.

In the short term, RESULTS is focused on shaping the overall size of any tax legislation and ensuring that it does not put basic health and food assistance at risk and worsen wealth inequality. However, at some point we may shift to pushing important tax credit expansions geared towards low-income families, so the background below may be useful going into those efforts.

The Earned Income Tax Credit (EITC)

¹¹² Congressional Budget Office, "H.R. 1628 Better Care Reconciliation Act of 2017"

<https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/52849-hr1628senate.pdf>

¹¹³ CNBC, "Here's What Didn't Change in the Senate's Health Care Bill: \$1 Trillion in Tax Cuts"

<http://www.cnbc.com/2017/06/22/heres-what-didnt-change-in-the-senates-health-care-bill-1-trillion-in-tax-cuts.html>

¹¹⁴ Ibid.

¹¹⁵ Ibid.

The Earned Income Tax Credit (EITC) is a refundable federal tax credit available to working individuals and families who work in low-wage jobs. This successful program is designed to “make work pay;” in addition to supplementing low-wage work with additional income, the higher the income a person earns, the higher the EITC benefits they receive.

“Being a single worker without children, I work two part-time jobs to pay the bills. I usually struggle to keep my head above water. The EITC has come to my rescue like a life preserver. The EITC has allowed me to pay past due bills and put some money aside for upcoming bills.”

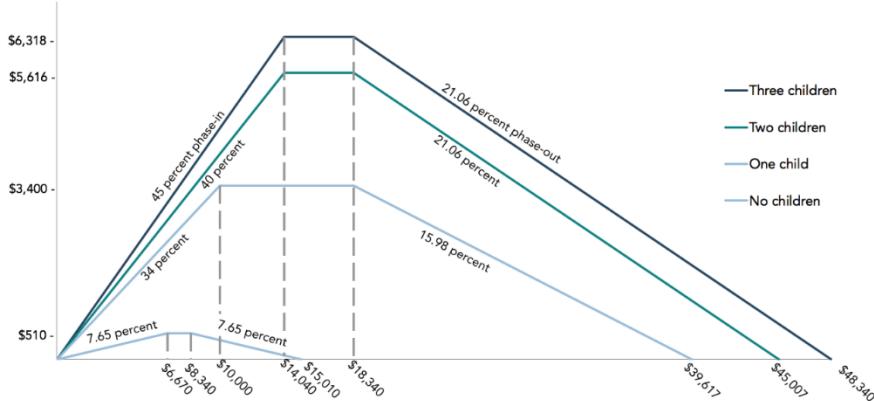
– Kevin Pearson, RESULTS Volunteer in a letter to the editor in the Evansville Courier & Press

How the EITC Works

As a credit, the EITC reduces a low-income family’s overall tax liability. It is fully refundable, so if a family’s EITC exceeds the amount of federal taxes owed, the family receives the difference as a refund.¹¹⁶ The size of the EITC is calculated as a fixed percentage of the worker’s earnings.

FIGURE 1
Earned Income Tax Credit
2017

Credit amount



Source: Tax Policy Center, IRS Rev. Proc. 2016-55.
Note: Assumes all income comes from earnings. Amounts are for taxpayers filing a single or head-of-household tax return. For married couples filing a joint tax return, the credit begins to phase out at income \$5,590 higher than shown.



The credit “phases in,” meaning it increases as the beneficiary earns more, until the maximum credit is reached (at about \$16,000 for a family with three children). Once the EITC reaches the maximum, it begins “phasing out” providing a continued but decreasing refund for additional income earned until it disappears completely. This ensures that the EITC is targeted to those who need it. The amount of a person’s EITC depends on family size and

¹¹⁶ Tax Credits for Working Families, “Earned Income Tax Credit”.

<http://www.taxcreditsforworkersandfamilies.org/federal-tax-credits/earned-income-tax-credit/>

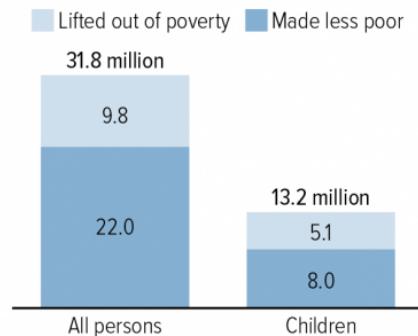
marital status (see graph below).¹¹⁷

The Impact of the EITC

- The EITC has proven to be an effective anti-poverty program.** In 2015, the EITC lifted about 6.5 million people, including 3.3 million children, out of poverty.¹¹⁸ If not for the EITC, the number of poor children in America would have been more than one-quarter higher. Additionally, in that same year the EITC reduced the severity of poverty for another 21.2 million people, including 7.7 million children.¹¹⁹ The EITC (together with the Child Tax Credit) is the largest contributor to preventing poverty for working families.
- Increases in the EITC are linked positively to infant health.** Research reveals a positive correlation between increased EITCs and infant health markers such as birthweight and premature birth, so that higher EITC benefits result in healthier birthweights and fewer premature births.¹²⁰
- The EITC strengthens work and earnings in the next generation.** Research has found that for children in low-income families, each additional \$3,000 per year received before age 6 correlates with an average yearly increase of 135 work hours between the ages of 25 and 37, and their average annual earnings increase by 17 percent.¹²¹ In addition, by boosting the employment and earnings of working-age women, the EITC boosts the size of the Social Security retirement benefits they ultimately will receive later in life.
- In families that receive the EITC, children do better in school.** Elementary and middle-school students earn higher test scores when their families receive larger refundable tax credits (such as the EITC and

Earned Income Tax Credit and Child Tax Credit Have Powerful Antipoverty Impact

Millions of persons lifted out of poverty or made less poor (using Supplemental Poverty Measure) by EITC and CTC, 2015



Note: Unlike the Census Bureau's official poverty measure, the SPM counts the effect of government benefit programs and tax credits.

Source: CBPP analysis of Census Bureau's March 2016 Current Population Survey and 2015 SPM public use file.

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"The EITC made a world of difference for me in 2010 when I was struggling after a lay-off, but it still leaves out millions of low-wage workers without dependents."
— Dawn Pierce, RESULTS Volunteer in a letter to the editor in the Idaho Statesman

x System".

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Basics: The Earned Income Tax Credit"

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nd Child Tax Credit Promote Work, Reduce Poverty, and"

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Basics: The Earned Income Tax Credit"

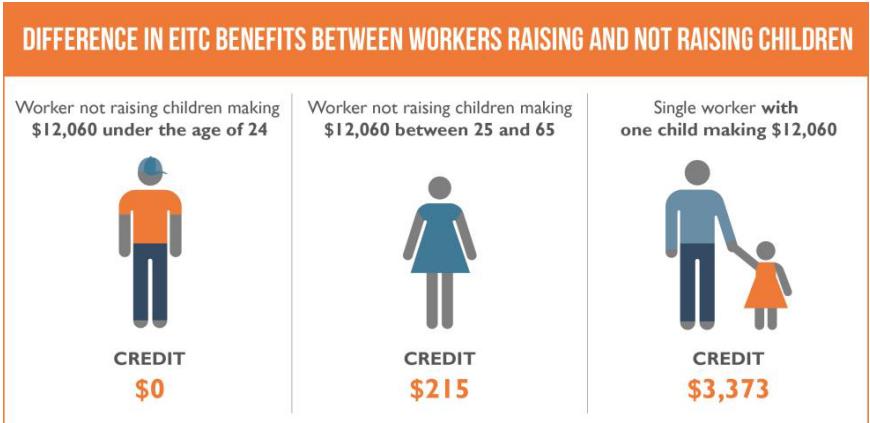
[sics-the-earned-income-tax-credit?fa=view&id=2505](#)

CTC). In addition, low-income children are more likely to go to college when their families have benefited from the EITC.¹²²

- **The EITC strengthens local economies.** The EITC refund checks are often spent quickly and locally, resulting in at least \$1.50-\$2.00 in local economic activity for every \$1 claimed.¹²³
- **The EITC promotes work, especially among single mothers.** The EITC expansions of the 1990s helped more than a half a million families move from cash welfare assistance to work.¹²⁴

Expanding the EITC

There is bipartisan support from various lawmakers, including House Speaker Paul Ryan, to expand the EITC for workers who do not claim children at tax time. This portion of the population receives a very meager EITC compared to families. Currently, a “childless worker,” which includes non-custodial parents who pay child support, is eligible for less than one-tenth the EITC that a family with two children receives.¹²⁵ This translates to a maximum credit amount of \$510 in 2017, as seen in the above graph detailing EITC credit amounts.



Source: IRS, <https://apps.irs.gov/app/eitc2016/>

In 2016, a single childless worker living right at the poverty line only qualified for a credit of \$215, which only boosts their income by less than 2 percent.¹²⁶ In comparison, a single worker with one child would have received a credit of \$3,373 in 2016. Childless workers who are single are phased completely out of the EITC when their household income reaches \$14,591 and

¹²² Center on Budget and Policy Priorities, “EITC and Child Tax Credit Promote Work, Reduce Poverty, and Support Children’s Development, Research Finds”

<http://www.cbpp.org/research/federal-tax/eitc-and-child-tax-credit-promote-work-reduce-poverty-and-support-childrens?fa=view&id=3793>

¹²³ Center for American Progress, “Harnessing the EITC and Other Tax Credits to Promote Financial Stability and Economic Mobility”

<https://www.americanprogress.org/issues/poverty/reports/2014/10/07/98452/harnessing-the-eitc-and-other-tax-credits-to-promote-financial-stability-and-economic-mobility/>

¹²⁴ Center on Budget and Policy Priorities, “EITC and Child Tax Credit Promote Work, Reduce Poverty, and Support Children’s Development, Research Finds”

<http://www.cbpp.org/research/federal-tax/eitc-and-child-tax-credit-promote-work-reduce-poverty-and-support-childrens?fa=view&id=3793>

¹²⁵ Center on Budget and Policy Priorities, “Policy Basics: The Earned Income Tax Credit”

<http://www.cbpp.org/research/federal-tax/policy-basics-the-earned-income-tax-credit?fa=view&id=2505>

¹²⁶ Prosperity Now, “Enhancing and Expanding the EITC for Low-Wage Workers”

<https://prosperitynow.org/resources/enhancing-and-expanding-eitc-low-wage-workers>

childless workers under the age of 25 are not eligible for the credit, regardless of their income.¹²⁷ These low-income workers are estimated to be the only population that is taxed into or deeper into poverty. In 2016, an estimated 7.5 million childless adults ages 21 through 66 were taxed deeper into poverty.¹²⁸ It is critical to recognize that more than one in five of these “childless” workers are non-custodial parents,¹²⁹ thus missing an important opportunity to provide for their families. Finally, because the EITC is so minimal for these workers, it fails to encourage labor force participation like it does for parents with custody of their children.

Speaker Paul Ryan (R-WI) and President Obama offered proposals to lower the eligibility age for the EITC from 25 to 21, increase the phase-in rate, boost the maximum credit for childless workers by double, and expand eligibility to include more low-wage working adults without dependents – impacting 13 million low-wage workers total¹³⁰. The Obama/Ryan proposal would lift an additional 6 million women¹³¹, 1.3 million people with disabilities¹³² and more than 630,000

“The EITC could have made a huge difference. Unfortunately, it’s out of reach for another four years because of my age. Access to the EITC would mean I could spend more time focused on the kids who depend on me and less time on keeping the heat on during a Minnesota winter.”

– Manilan Houle, former REAL Change Fellow in a letter to the editor in the Duluth News Tribune

veterans out of poverty.¹³³

In February 2017, Congressman Richard Neal (D-MA) sponsored The Earned Income Tax Credit Improvement and Simplification Act (H.R.822), which would expand eligibility and

¹²⁷ Prosperity Now, “Enhancing and Expanding the EITC for Low-Wage Workers” <https://prosperitynow.org/resources/enhancing-and-expanding-eitc-low-wage-workers>

¹²⁸ Center on Budget and Policy Priorities, “Strengthening the EITC for Childless Workers Would Promote Work and Reduce Poverty (2016). <http://www.cbpp.org/research/federal-tax/strengthening-the-eitc-for-childless-workers-would-promote-work-and-reduce>

¹²⁹ Ibid.

¹³⁰ Center on Budget and Policy Priorities, “Strengthening the EITC for Childless Workers Would Promote Work and Reduce Poverty” <http://www.cbpp.org/research/federal-tax/strengthening-the-eitc-for-childless-workers-would-promote-work-and-reduce>

¹³¹ National Women’s Law Center, “Tax & Budget” https://www.nwlc.org/sites/default/files/pdfs/eitc_expansion_fact_sheet_april_2014.pdf

¹³² Ibid.

¹³³ Center on Budget and Policy Priorities, “Strengthening the EITC for Childless Workers Would Promote Work and Reduce Poverty” <http://www.cbpp.org/research/federal-tax/strengthening-the-eitc-for-childless-workers-would-promote-work-and-reduce>

increase the amount of the credit.¹³⁴ In June, 2017, Senator Sherrod Brown (D-OH) sponsored the Working Families Tax Relief Act of 2017 (S.1371), which also would expand the eligibility and increase the amount of the credit for recipients.¹³⁵

Recently, there has been some push for an even more robust expansion of the EITC as a way to boost the economy and help low-income individuals and families. Congressman Ro Khanna has advocated for an increase in EITC income to counteract wage stagnation that has hit low-income families especially hard in the past decade. This would be done through roughly doubling EITC benefits from their current rates so individuals could receive a maximum of \$6,000 in benefits and \$12,000 in benefits for families annually¹³⁶. His proposal is based off of research conducted by the Center on Budget and Policy Priorities and the Tax Policy Center.¹³⁷

Upcoming Threats to the EITC

Currently, 1 in 5 individuals or families who are eligible for EITC benefits do not claim them.¹³⁸ This problem would only get worse if laws are passed to make registering for the EITC more difficult. Any law that allows for state governments to change eligibility requirements for the program at their discretion could make it even more unnecessarily difficult for low-income families to register for these necessary benefits.

In his Fiscal Year 2018 budget, President Trump proposed \$40.4 billion in cuts to the EITC and CTC (more below) over the next ten years.¹³⁹ While this budget will ultimately be voted on by Congress, many in Congress have previously supported budgets that make cuts to the EITC, and we may see efforts to reduce eligibility for the EITC or to make it harder for families to claim the credit.

RESULTS will continue to raise the stories of people with the lived experiences of poverty to shed light on how vital funding for tax credits are in helping low-income families all over the country lift themselves out of poverty – and push for Congress to protect and strengthen the EITC along with the CTC.

¹³⁴ RESULTS bill summary and cosponsorship tracking:

: <http://capwiz.com/results/issues/bills/?bill=78171636>

¹³⁵ Ibid.

¹³⁶ The Atlantic, “Ro Khanna Wants to Give Working-Class Households \$1 Trillion”

<https://www.theatlantic.com/business/archive/2017/04/ro-khanna-trillion-dollar-plan/524754/>

¹³⁷ The New York Times, “What Would It Take to Replace the Pay Working-Class Americans Have Lost?”

<https://www.nytimes.com/2016/12/09/upshot/what-would-it-take-to-replace-the-pay-working-class-americans-have-lost.html>

¹³⁸ Prosperity Now, “Enhancing and Expanding the EITC for Low-Wage Workers”

<https://prosperitynow.org/resources/enhancing-and-expanding-eitc-low-wage-workers>

¹³⁹ Vox, “The Trillions in Shocking Cuts in Donald Trump’s Budget, Explained”

<https://www.vox.com/policy-and-politics/2017/5/22/15676490/trump-budget-2018-explained>

The Child Tax Credit (CTC)

The Child Tax Credit (CTC) is a partially refundable federal tax credit designed to help families offset some of the costs of raising children. Individuals receiving the CTC subtract the tax credit from the federal income taxes they would otherwise owe. When combined with the EITC, the CTC lifted 9.8 million people out of poverty, with 5.1 million being children¹⁴⁰. Each program is also effective in decreasing poverty on its own. The Center on Budget and Policy Priorities estimates that in 2015, the CTC lifted about 2.8 million people out of poverty, including approximately 1.6 million children, and lessened the impacts of poverty for another 13.3 million people, which includes 6.6 million children.¹⁴¹ With the expenses of raising a child continually increasing, the CTC is a critical measure in ensuring that children receive the necessary resources and home stability that they deserve.

How the CTC Works

First enacted in 1997, the CTC has a similar structure and function to the EITC. As with the EITC, only working families are eligible to receive the credit, and the CTC “phases in” as income increases. Unlike the EITC, however, the CTC is also geared towards middle-income families, and families must earn a minimum income of \$3,000 to qualify for the credit, and it is only partially refundable. That means that if a family’s CTC exceeds its federal tax liability, or what they owe in taxes to the IRS, the family may receive only a portion of the credit rather than the total credit as a refund. In addition, the CTC is worth up to \$1,000 per qualifying child (under age 17) at the end of the tax year. Because single filers earning up to \$75,000 and married filers earning up to \$110,000 can receive the full CTC (it gradually phases out above those levels),¹⁴² the CTC reaches families making a broad range of incomes.

This \$1000 goes a long way in helping low-income families. An additional \$1000 in income can boost children’s test scores by up to 2 percent in math and up to 3.5 percent in reading.¹⁴³ Research also shows that children in families that received tax credits are more likely to go to college and to earn higher wages when they are older.¹⁴⁴

Expanding the CTC

Recognizing the challenges that very low-income families face, especially those with younger children struggling with child care costs, some policymakers have put forward proposals to expand the Child Tax Credit by ensuring that the lowest-income families can claim the CTC and increase the CTC for families with small children. Senator Sherrod Brown (D-OH) recently

¹⁴⁰ Center on Budget Policy Priorities, “Policy Basics: The Child Tax Credit”.

<http://www.cbpp.org/research/policy-basics-the-child-tax-credit?fa=view&id=2989>

¹⁴¹ Ibid.

¹⁴² Ibid.

¹⁴³ Center on Budget Policy Priorities, “EITC and Child Tax Credit Promote Work, Reduce Poverty, and Support Children’s Development, Research Finds”

<http://www.cbpp.org/research/federal-tax/eitc-and-child-tax-credit-promote-work-reduce-poverty-and-support-childrens>

¹⁴⁴ Ibid.

introduced legislation called the Working Families Tax Relief Act (S.1371), which would expand the EITC and CTC programs to ensure that no one is taxed into poverty. The bill would expand the CTC through allowing taxpayers to claim a refundable credit of 45 percent of each dollar they earn up to \$3,000 for every child they have under six years old. The bill would also index the CTC to inflation, allowing it to expand as needed to help families stay above the poverty line.¹⁴⁵ Another bill that would expand the CTC that was recently introduced is the Child Tax Credit Improvement Act (H.R.821). Representative Rosa DeLauro (D-CT) introduced this legislation which would increase the CTC benefits for children under the age of six and would require annual inflation adjustments to the credits, among other proposed changes.¹⁴⁶

Other proposals focus on increasing the CTC, though not specifically geared towards low-income families. The president's daughter, Ivanka Trump, has been working on proposals to increase child care access for and to benefit working families. After a recent meeting with Senator Marco Rubio (R-FL), White House officials announced that they plan on expanding the CTC as part of their broader tax reform plan. Specifically, the White House has said it is backing a component of Senator Rubio's previously introduced tax reform plan,¹⁴⁷ which would give families an additional CTC of \$2,500 per child.¹⁴⁸ This credit would not phase out as income increases like the current CTC does though, which has made many advocates worried that this additional CTC would unfairly favor high-income families instead of going to the families who need it most.

There have also been proposals to introduce a universal child allowance in the United States. A universal childhood allowance would go a step further than the Child Tax Credit by providing all families with children a cash grant and making the tax credit universal. This payment would be distributed as a monthly allowance instead of as a one-time annual tax return, allowing for families to more easily budget around the additional income.¹⁴⁹ The CTC also disappears when the family loses their job and makes less than \$3,000 in income, while a universal child allowance would be available no matter their employment status – ensuring that even the poorest families have access to necessary financial support.

Upcoming Threats to the CTC

In the Fiscal Year 2018 budget proposed by President Donald Trump, he proposes a structural change to the CTC. This change would require both parents applying for the benefit to have a Social Security Number. Currently, anyone who has either a Social Security Number or an Individual Taxpayer Identification Number (ITIN) can apply to receive the benefit. The IRS

¹⁴⁵ RESULTS bill summary and cosponsorship tracking. "Working Families Tax Relief Act of 2017 -- expands EITC and the Child Tax Credit." <http://capwiz.com/results/issues/bills/?bill=78171656>

¹⁴⁶ "Child Tax Credit Improvement Act -- expands Child Tax Credit Bill # H.R.821." <http://capwiz.com/results/issues/bills/?bill=78189631>

¹⁴⁷ United States Senate, "Economic Growth and Family Fairness Tax Reform Plan" https://www.rubio.senate.gov/public/_cache/files/2d839ff1-f995-427a-86e9-267365609942/4B239D28A4487E61FF5E26CC07C5EEF1.3.3.2015-tax-plan.pdf

¹⁴⁸ Daily Mail, "Ivanka Returns to Capitol Hill to Talk Workforce Issues with Republican Lawmakers" <http://www.dailymail.co.uk/news/article-4626866/Ivanka-returns-Capitol-Hill-talk-workforce-issues.html>

¹⁴⁹ The American Prospect, "Fighting Child Poverty with a Universal Child Allowance" <http://prospect.org/article/fighting-child-poverty-universal-child-allowance>

requires that applicants using an ITIN meet several requirements, including earning an income and living with an eligible dependent.¹⁵⁰ Undocumented immigrants can receive ITINs, so this change would especially hurt families who are undocumented, including families with children who are American citizens. Nearly one out of every 15 U.S.-born children living in the United States has at least one unauthorized parent.¹⁵¹ About 5.1 million children in the United States have at least one unauthorized parent, with the vast majority of the children being American citizens themselves.¹⁵² One-quarter of children in the United States are in immigrant families.¹⁵³ Cutting these families off from CTC benefits would take away an average of \$1,800.¹⁵⁴ This loss makes up an average of 8.5 percent of the incomes for these families.¹⁵⁵ A loss this massive would push many of these families and their children into poverty.

The purpose of the CTC is to help all working families with the costs of raising children, and there are proven benefits for the children in doing so. It only makes sense that this policy is available to *all* children in the United States, regardless of the immigration status of their family.

Frequently Asked Questions about the EITC & CTC

Don't Tax Cuts for the Wealthy Pay for Themselves?

Many Republican lawmakers and members of the administration are claiming that tax breaks for millionaires and billionaires and corporations will pay for themselves through helping stimulate the economy. This is flawed logic, and unfortunately such tax breaks will only drain resources needed for investments in basic assistance programs such as SNAP and Medicaid, and further widen the already large wealth gap in this country. Simply put, President Trump's tax plan will not pay for itself. In fact, the plan is estimated to increase our debt higher in the next decade than it ever has been in our nation's history¹⁵⁶.

¹⁵⁰ CLASP, "The Child Tax Credit: A Critical Anti-Poverty Tool for Children in Immigrant Families" <http://www.clasp.org/resources-and-publications/publication-1/The-Child-Tax-Credit-A-Critical-Anti-Poverty-Tool-for-Children-in-Immigrant-Families.pdf>

¹⁵¹ The New York Times, "Think of Undocumented Immigrants as Parents, Not Problems" https://www.nytimes.com/2015/04/27/opinion/parents-first-undocumented-second.html?_r=1

¹⁵² Migration Policy Institute, "A Profile of U.S. Children with Unauthorized Immigrant Parents" <http://www.migrationpolicy.org/research/profile-us-children-unauthorized-immigrant-parents>

¹⁵³ CLASP, "The Child Tax Credit: A Critical Anti-Poverty Tool for Children in Immigrant Families" <http://www.clasp.org/resources-and-publications/publication-1/The-Child-Tax-Credit-A-Critical-Anti-Poverty-Tool-for-Children-in-Immigrant-Families.pdf>

¹⁵⁴ Ibid.

¹⁵⁵ Ibid.

¹⁵⁶ Committee for a Responsible Federal Budget, "How Much Will Trump's Tax Plan Cost?" <http://www.crfb.org/blogs/how-much-will-trumps-tax-plan-cost>

The Committee for a Responsible Budget, a nonpartisan group focused on reducing the deficit and debts, estimated that President Trump's tax plan would cost about \$5.5 trillion over the next decade¹⁵⁷. Funding these tax cuts would require the U.S. economy to grow by about 4.5 percent over the coming decade¹⁵⁸, which many economists consider close to impossible due to the country's increasing aging population. The Congressional Budget Office currently estimates the U.S. economy will only grow at a 1.8 percent rate over the next decade¹⁵⁹, which would not produce nearly enough revenue to pay for these proposed tax cuts. Tax cuts give even more income and wealth to the top 1 percent, while decreasing revenue that helps fund critical anti-poverty programs that benefit low and middle-income families.

How is Tax Policy Connected to the Racial Wealth Gap?

The Racial Wealth Gap was created in large part from years of accumulated tax incentives that were only available to White families. For example, many of the New Deal Era federal government subsidized programs available to veterans after World War II, which promoted economic activity, homeownership and wealth for families all over the nation, were only available to White veterans due to Jim Crow policies¹⁶⁰ and restrictions in the policies. This exasperated the existing racial wealth divide. Throughout our history, taxes have been used to help White families accumulate wealth and has barred many families of color from the opportunity to build such wealth and financial stability.

Tax policy can also act as a tool to close the racial wealth gap. The Earned Income Tax Credit (EITC) and low-income portion of the Child Tax Credit (CTC) are particularly beneficial for communities of color because these communities experience higher rates of poverty. For example, in 2015 Blacks made up 24.1 percent of those living in poverty, but only about 12 percent of the general population¹⁶¹. Hispanics made up 21.4 percent of those living in poverty, but only 18 percent of the general population. Meanwhile, Whites only made up 9.1 percent of those living in poverty in the United States but represented 61 percent of the general population¹⁶². These numbers are even more alarming for children of color. In 2017, 65 percent of Black children and 63 percent of Hispanic children are living in poor or low-income

¹⁵⁷ Ibid.

¹⁵⁸ Fortune, "Why Donald Trump's Tax Plan Can't 'Pay for Itself'" <http://fortune.com/2017/04/27/trump-tax-plan-can-t-pay-for-itself/>

¹⁵⁹ Congressional Budget Office, "The 2017 Long-Term Budget Outlook" <https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/52480-ltbo.pdf>

¹⁶⁰ PBS, "The Rise and Fall of Jim Crow" <http://www.pbs.org/wnet/jimcrow/>

¹⁶¹ The Henry J. Kaiser Family Foundation, "Population Distribution by Race/Ethnicity" reporting United States Census Bureau data. <http://www.kff.org/other/state-indicator/distribution-by-raceethnicity/?currentTimeframe=0&selectedRows=%7B%22wrapups%22:%7B%22united-states%22:%7B%7D%7D%7D&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

¹⁶² United States Census Bureau, "Income and Poverty in the United States: 2015" <https://www.census.gov/library/publications/2016/demo/p60-256.html>

households in the United States.¹⁶³ Tax credit programs like the EITC and CTC can help these families access necessary income.

Consequently, tax credits targeted to low-income populations as well as other savings policies will help to close the racial wealth gap and decrease poverty rates in those communities. The U.S. tax code already includes over a half a trillion dollars in tax benefits that incentivize households to save and invest. However, lower-income households are not provided access to these benefits. For example, in 2017 only about 43 percent of Black households owned their homes and are thus unable to take advantage of homeownership tax subsidies. In comparison, about 72 percent of White households owned their households in 2017.¹⁶⁴ Also, only four out of ten Black workers participate in an employer-based retirement savings account – another critical method of gaining wealth. (Read more about tax fairness on the RESULTS website.)¹⁶⁵

Unfortunately, we are likely to see tax proposals in the House and Senate that are overwhelmingly geared towards tax breaks for wealthy millionaires and corporations – which will certainly exacerbate the racial wealth gap further by continuing to enrich the wealthiest in our society.

Doesn't the EITC Have a Lot of Fraud?

Fraud and error are not the same thing – and here we are talking about error rates. The EITC does have a high estimated error rate (about 25 percent), but that is much different than a fraud rate. Fraud indicates mal-intent, while an error rate can include simple errors, both accidental overpayments and underpayments. The EITC is a complicated program with very detailed regulations. Paid tax preparers, the IRS, or individuals can make these errors that all contribute to the error rate.

Additionally, there is evidence that the overpayments are probably way overestimated for several reasons. First, the National Taxpayer Advocate reports that 40 percent of claims that were identified as incorrect were successfully appealed.¹⁶⁶ Second, this number doesn't include underpayments. Lastly, the percentage is based on 2008 data; the IRS has taken steps to improvement the error rate since 2009.

The evidence also strongly suggests that much of the problem rests with paid tax preparers and not taxpayers themselves. According to the IRS, 68 percent of EITC filers use paid third parties to prepare their taxes,¹⁶⁷ which means we need to invest in volunteer tax preparation (VITA)

¹⁶³ U.S. Child Poverty Action Group, "Family Tax Policy: A Path Forward to Lifting Children out of Poverty" <https://static1.squarespace.com/static/5783bb3f46c3c42c527e1a41/t/58c73c58197aeab451423a2e/1489452123008/family+tax+policy+report+2017.pdf>

¹⁶⁴ The United States Census Bureau, "Quarterly Residential Vacancies and Homeownership, First Quarter 2017" <https://www.census.gov/housing/hvs/files/currighthvsspress.pdf>

¹⁶⁵ RESULTS, "Tax Fairness" http://www.results.org/issues/us_poverty_campaigns/economic_opportunity_for_all/tax_fairness

¹⁶⁶ Center on Budget and Policy Priorities, "Reducing Overpayments in the Earned Income Tax Credit". <http://www.cbpp.org/cms/?fa=view&id=3960>

¹⁶⁷ IRS, "Compliance Estimates for the Earned Income Tax Credit Claimed on 2006-2008 Returns". <https://www.irs.gov/pub/irs-soi/EITCComplianceStudyTY2006-2008.pdf>

programs and better regulate paid preparers when free tax filing is not an option for low-income Americans.

The bipartisan December 2015 tax deal took some steps to address the error rate in the EITC. It includes stronger anti-error initiatives to decrease the error rate, including penalties for improperly claimed credits – such as increased penalties for paid preparers engaging in reckless conduct and restrictions on taxpayers who claimed improperly the year before. It also imposes even stricter Individual Taxpayer Identification Number and Social Security Card requirements for workers to be eligible to claim the tax credits, which immigration advocates fear will reduce access to the programs for immigrants and refugees.

Finally, the IRS has limited enforcement tools to ensure that errors do not occur. When the IRS tried to regulate paid preparers, a federal court ruled that the IRS did not have this authority.¹⁶⁸ Congress has also substantially reduced the IRS' resources over the years. Congress has the power to grant the IRS the authority to regulate paid preparers and to provide the IRS with better tools.

How are Undocumented Immigrants Affected?

Unlike the EITC, where both parents must have a Social Security Number in order to enroll in the tax credit, families can claim the CTC with an Individual Taxpayer Identification Number (ITIN), which undocumented immigrants can receive – many of whom are raising children who are American citizens. The CTC is designed to help families raising children in the United States with the cost of doing so – and it makes sense that we help all children growing up in our country. Nearly one out of every 15 U.S.-born children living in the United States has at least one undocumented parent.¹⁶⁹ Several proposals have been introduced in both the House and the Senate to try to prohibit eligibility for the Child Tax Credit for immigrant families by requiring a Social Security Number to claim the credit. Most recently, President Trump's Fiscal Year 2018 Budget proposed eliminating ITIN eligibility for the Child Tax Credit. This would prevent all children with undocumented parents from receiving this critical benefit.

Why Should the Government Pay People to Work?

In an ideal world (or even just a fairer one), people would be able to find work that pays a living wage. Unfortunately, that is not reality. Millions of Americans are working hard every day to make ends meet, but their jobs don't pay enough to do it. RESULTS supports efforts to increase the minimum wage, but until all employers pay a living wage, protecting and expanding the EITC and CTC rewards work while supporting families to put food on the table and make ends meet.

¹⁶⁸ San Francisco Chronicle, "IRS Program to Regulate Tax Preparers Appears Dead" (blog) <http://blog.sfgate.com/pender/2014/05/13/irs-program-to-regulate-tax-preparers-appears-dead/>

¹⁶⁹ The New York Times, "Think of Undocumented Immigrants as Parents, Not Problems" https://www.nytimes.com/2015/04/27/opinion/parents-first-undocumented-second.html?_r=1

Wouldn't it Be Better to Support Workers Throughout the Year?

Currently, EITC benefits are given to beneficiaries as an annual payment during tax season. Many researchers and advocates have wondered whether it would be more beneficial for recipients to receive the payment throughout the year instead of just as a one-time lump sum.

During a focus group of low-income workers conducted in 2016 by the Institute for Family Studies, many respondents voiced a desire to keep more of their paycheck each month, because they are paying an overwhelming amount in taxes.¹⁷⁰ These focus group participants noted that their annual EITC tax return often was used to catch up on behind payments, instead of acting as a way to address their income gaps. According to a report from the Brookings Institute, the single annual EITC payment creates barriers for families who want to use the payment as an emergency savings reserve, and makes it harder for families to make ends meet throughout the year.¹⁷¹ Simply put, a lump sum payment does not meet the financial needs of low-income working families.

A bipartisan solution Congress could implement is passing legislation that allows EITC recipients to opt into receiving a portion of their benefits in different pay periods throughout the year instead of as a required one-time annual payment. The EITC has traditionally received bipartisan support, and efforts to make this payment distribution change have previously been supported by both the right-leaning American Enterprise Institute¹⁷² and the left-leaning Center for American Progress.¹⁷³ In 2014, the policy proposal was also endorsed by the House Budget Committee, which was at the time chaired by Speaker Paul Ryan.¹⁷⁴

A study in Chicago allowed some low-income families to receive half of their expected EITC benefits in four payments throughout the year ahead of tax time, and these families had greater financial stability than the control group.¹⁷⁵ Other countries (including France, Australia, Ireland and the United Kingdom) have successfully implemented periodic payments of tax credits similar to the EITC.¹⁷⁶ Giving EITC beneficiaries the option to receive the credit multiple times a year is an easy way for Congress to help low-income families become more financially secure.

¹⁷⁰ Institute for Family Studies, "Work-Family Policy in Trump's America: Insights from a Focus Group of Working Class Millennial Parents in Ohio"

<https://ifstudies.org/ifs-admin/resources/lapp-ohio-survey.pdf>

¹⁷¹ Brookings Institute, "Periodic Payment for the Earned Income Tax Credit Revisited"

<https://www.brookings.edu/research/periodic-payment-of-the-earned-income-tax-credit-revisited/>

¹⁷² The American Enterprise Institute, "The American Safety Net: A Primer on Welfare Programs for Low-Income Families" <https://www.aei.org/wp-content/uploads/2017/01/The-American-Safety-Net.pdf>

¹⁷³ The Center for American Progress, "Harnessing the EITC and Other Tax Credits to Promote Financial Stability and Economic Mobility" <https://cdn.americanprogress.org/wp-content/uploads/2014/10/EITC-report10.8.pdf>

¹⁷⁴ House Budget Committee, "Expanding Opportunity in America"

https://budget.house.gov/uploadedfiles/expanding_opportunity_in_america.pdf

¹⁷⁵ Center for Economic Progress, "Rethinking the EITC"

<http://www.economicprogress.org/content/rethinking-eitc>

¹⁷⁶ Brookings Institute, "Want to Help the Working Class? Pay the EITC Differently"

<https://www.brookings.edu/blog/the-avenue/2017/06/28/want-to-help-the-working-class-pay-the-eitc-differently/>

Doesn't the EITC or the Proposal to Expand the EITC Discourage Marriage?

The EITC value the beneficiary receives is based off their income, marital status and the number of children in the family. This has led people to question whether programs like the EITC discourage marriage, because the added income from the couple having two incomes as a married couple could phase them out of receiving the EITC benefits sooner than if they had remained single.

The American Taxpayer Relief Act created temporary expansions to the EITC and CTC that were set to expire in 2017. One aspect of this expansion was reducing the marriage penalty for joint filers of the EITC. In December of 2015, these expansions were made permanent, thus reducing the marriage penalty for couples filing for the EITC. Previously, the difference between the phase out period for married filers and single filers was only \$3,000, but now it is \$5,000.¹⁷⁷

In 2016, a single parent with one child had the phase-out of EITC benefits begin once they were making \$18,190 per year. For a married couple with one child during that same year, the phase-out of the credit would not begin until the couple was making \$23,740.¹⁷⁸

Most studies find little to no evidence that these tax policies affect marriage rates.¹⁷⁹ Regardless, all couples should be able to choose whether or not to get married based on what is best for their circumstances. What we should be focusing on is not what marital status a couple has chosen for themselves, but giving that couple the opportunity to lift themselves out of poverty and to make enough money to live healthy lives.

How are Children Impacted by Expanding the EITC?

Many of the workers who will benefit from these tax credits are noncustodial parents. These parents have both parenting and financial obligations to their children. Improving these workers' stability and success in the labor market can help them do better at meeting these other responsibilities, including serving as a role model to their children.

The EITC and CTC have profound positive impacts on children in families receiving the credits. A report by the Center on Budget and Policy Priorities (CBPP) says that income from the EITC and CTC leads to improved educational outcomes for young children in low-income households. For each \$1,000 increase in annual income over two to five years, children's school performance improves on a variety of measures.¹⁸⁰

¹⁷⁷ Center on Budget and Policy Priorities, "Four Facts About the Tax Code's Marriage Penalties – and Marriage Bonuses" <http://www.cbpp.org/blog/four-facts-about-the-tax-codes-marriage-penalties-and-marriage-bonuses>

¹⁷⁸ Center on Budget and Policy Priorities, "Policy Basics: The Earned Income Tax Credit" <http://www.cbpp.org/research/federal-tax/policy-basics-the-earned-income-tax-credit>

¹⁷⁹ Center on Budget and Policy Priorities, "Four Facts About the Tax Code's Marriage Penalties – and Marriage Bonuses" <http://www.cbpp.org/blog/four-facts-about-the-tax-codes-marriage-penalties-and-marriage-bonuses>

¹⁸⁰ Center on Budget and Policy Priorities, "EITC and Child Tax Credit Promote Work, Reduce Poverty, and Support Children's Development, Research Finds" <http://www.cbpp.org/research/federal-tax/eitc-and-child-tax-credit-promote-work-reduce-poverty-and-support-childrens?fa=view&id=3793>

The expansion proposals extend the credit to younger workers - many of whom are future parents. The more successful young workers are in the labor market - the better foothold they gain in the economy - the more likely they are to succeed in the labor market over time and be able to provide for their children when they start families.

The credits' success in boosting work effort and earnings also extends into the next generation. Children whose families receive more income from refundable tax credits do better in school, are more likely to attend college, and are more likely to earn higher incomes as adults; they also are more likely to avoid the early onset of disabilities and other illnesses associated with child poverty, which further enhances their earnings ability as adults, some research suggests.

RESULTS will continue to push for policies to end hunger and poverty in the United States, and we are excited about proactive strategies to strengthen programs based on the insights of RESULTS Experts on Poverty and others. Thank you for raising your voice to make a big difference!