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Federal Budget Choices Will Affect Wisconsin *Health Care for Children, Tax Cuts for Working Families Hit Hard*

Madison – An analysis of the proposed federal budget from the Center on Budget Policy Priorities (CBPP) shows that Wisconsin children and working families will be affected significantly by decisions being made in the House and Senate budget resolutions. In addition, the Wisconsin budget, already in the red will take another hit from the federal government as Congress approves additional tax cuts while making significant cuts to funds provided to states for federal mandates.

“Federal budget decisions are all about priorities. It is clear that right now Congress believes protection of tax cuts for the wealthy are more important than basic health care for our most vulnerable citizens and tax credits for working families,” Jon Peacock, Research Director of the Wisconsin Council on Children and Families said. “The House plan in particular would mean significant cuts in basic and needed services for children, as well as another shortfall from the federal government for states required to provide these necessary services.”

According to the CBPP analysis, the House plan would result in an estimated \$30 billion to \$35 billion in cuts to key “mandatory” programs that assist vulnerable Americans. These cuts are at least ten times larger than the cuts in mandatory programs in the Senate budget plan.

The House version of the budget would cut Wisconsin’s share of funding for programs serving low-income families, the elderly and people with disabilities by \$427 million to \$529 million, according to the CBPP study. Some of the cuts that would significantly affect Wisconsin’s most vulnerable citizens include:

- **Medicaid:** As Wisconsin faces a current crisis in Medicaid funding, the House budget resolution would cut federal support even more, seriously jeopardizing basic health care for children, the elderly and people with disabilities. Wisconsin must fill a Medicaid deficit for the 2005-2007 biennium of more than \$600 million, and the state would lose an estimated \$215 million to \$288 million over the next five years under the House plan.

- **Earned Income Tax Credit:** Cuts in the Earned Income Tax Credit (EITC) would raise taxes on working families. Tax cuts for the wealthy will remain and be expanded, however working families struggling to make ends meet would face cuts to EITC. About 280,000 Wisconsin families benefit from the Earned Income Tax Credit. To qualify for EITC a family with two or more children must have an annual income of less than \$34,458.

- **Abused and Neglected Children:** Funding cuts to foster care and adoptive assistance – amounting to a reduction of \$17 million for Wisconsin – would jeopardize abused and neglected children’s access to safe foster homes. Each month these programs provide assistance to about 7,800 children in foster and adoptive families.

- **Food stamps:** Cuts in basic nutrition for children will make it harder for kids to learn in school, and grow up to become healthy, productive members of society. In Wisconsin, an average of 324,000 people per month received food stamp assistance in 2004.

“The tax cuts in the budget resolution would increase the federal deficit, even as programs serving Wisconsin children, families and the elderly are being slashed,” Peacock said. He added that there is still time for the conference committee to adopt a more balanced budget that protects working families and the most vulnerable residents of Wisconsin. The conference committee is expected to resolve difference between the Senate and House versions of the budget resolution over the next two weeks.