



Romney-Ryan Plan Slams Struggling Families, Showers More Money on the Rich

Candidate's Policies Prioritize Tax Breaks for the Wealthy While Decimating Programs that Help People Achieve the American Dream

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Introduction

Shortly after his victory in the Florida GOP primary, Republican presidential candidate and former Massachusetts Gov. Mitt Romney slipped up by admitting, “I’m not concerned about the very poor. We have a safety net there. If it needs repair, I’ll fix it.”

The media covered the statement as the latest in a long line of gaffes. But a closer look at Gov. Romney’s policy proposals reveal that the real problem is not a penchant for verbal missteps but a flawed vision for ensuring more families can access the American Dream.

Indeed, by picking Rep. Paul Ryan (R-WI) as a running mate, Gov. Romney is doubling down on a strategy that would increase economic hardship, erode the middle class, and send more struggling Americans deeper into poverty. Campaigning with Rep. Ryan by his side, Gov. Romney has aligned himself with the radical Ryan budget plan that gets two-thirds of proposed cuts from programs that help low-income Americans.¹

Gov. Romney has claimed that his choice of a running mate does not imply a full-throated endorsement of the Ryan budget plan. And he’s right. To the extent Gov. Romney has articulated his own policies apart from the Ryan budget, they are even more radical than Rep. Ryan’s blueprint, with larger tax breaks for the wealthy and even deeper cuts to health care, nutrition aid, veterans’ services, education, and other fundamental supports for the middle class.

This analysis will walk through the consequences of the Romney-endorsed Ryan budget for families struggling to access the American Dream. It will then show how Gov. Romney's own tax and budget plans implicitly call for even deeper cuts to health care, nutrition aid, veterans' services, education, and other fundamental supports for the middle class. Ultimately, it will show that Gov. Romney's plan calls not for an attack on poverty but for an attack on the poor themselves.

If Gov. Romney gets his way on poverty:

- **31 million people**—predominantly children, seniors, people with disabilities, and the working poor—will lose access to health insurance due to Medicaid cuts
- **46 million people** could see their bare-bones nutrition aid (averaging \$1.50 per person per meal) reduced to below what the Department of Agriculture considers minimally adequate OR 8 million to 10 million people could lose access to the Supplemental Nutrition Assistance Program altogether
- **Approximately 191,000 children** could be kicked off Head Start, which helps provide at-risk preschoolers with the educational, health, nutrition, and family support services they need, in the next two years
- **More than 4 million children** in low-income school districts could see their educational services reduced or eliminated in the next two years
- The costs of special education for **1.26 million special-needs children** would be shifted to states and school districts in the next two years

These are conservative estimates based on Gov. Romney's endorsement of the Ryan budget. Under Gov. Romney's own tax and budget plans, the consequences for struggling families would be even more severe.

The Romney-Ryan mind-meld

Shortly after Rep. Paul Ryan released his budget blueprint for fiscal year 2013, Gov. Romney endorsed it as a reflection of his own priorities, stating, "I'm very supportive of the Ryan budget plan. It's a bold and exciting effort on his part and on the part of the Republicans, and it's very much consistent with what I put out earlier."

Endorsing the House budget aligns Gov. Romney with a set of priorities that will undercut economic security and opportunity for struggling families. Here are three key things to know about the Romney-Ryan plan and how it will affect families trying to make ends meet.

1. The Romney-Ryan plan's Medicaid provisions strip 31 million people of their health care—predominantly seniors, low-income children, people with disabilities, and the working poor.

Both Gov. Romney and Rep. Ryan make repeal of Obamacare a central tenet of their budget plans. In fact, Gov. Romney has promised that if elected, on day one of his term

he would begin the process to repeal the Affordable Care Act, both through undermining it with administrative actions and pursuing fullscale legislative repeal.

Following this course could compromise access to care for families such as Mari's [see text box below], who stand to benefit from Obamacare's Medicaid expansion. In fact, up to 17 million people could lose pending access to Medicaid if Gov. Romney gets his way on repealing Obamacare, including home health aides, waitresses, child care providers, and food-service workers all of whom often earn too much to qualify for the current Medicaid program but too little to afford insurance on their own.

This move is an about-face from Gov. Romney's time in office in Massachusetts, when he personally negotiated more federal funding for Medicaid as part of his health care plan, expanding the program to cover an additional 92,500 people.² In fact, when campaigning for governor in September 2002, he asserted, "I want to see Massachusetts get its fair share of Medicaid dollars from the federal government."

Today, candidate Romney rejects the very Medicaid funds that enabled then-Gov. Romney's own health reform plan to be successful.

But Gov. Romney is not content with simply stopping more people from gaining health coverage under Obamacare. His plans include deep cuts to current Medicaid funding by converting the program into a block grant to the states that caps funding regardless of rising need or an increase in health care costs. Assuming that he follows the Medicaid proposal he endorsed in the Ryan budget, the consequences would be disastrous for some of our most vulnerable citizens. On top of the 17 million people who would lose pending access under Obamacare, more than 14 million more people would lose their Medicaid in the next 10 years, most of them joining the ranks of the uninsured.³

Considering that children by far represent the largest group of Medicaid beneficiaries, accounting for about half of all enrollees, and that two out of every three Medicaid dollars go to providing care to people in nursing homes, victims of catastrophic accidents, and disabled children, these Medicaid cuts would deal a hard blow to some of our most vulnerable populations and their families.⁴

And it's not just low-income Americans who would be hit hard. People with severe disabilities that require benefits such as case management and mental health care would also be at risk of losing Medicaid's comprehensive coverage for these types of services if they were shifted over to a private plan. Many seniors spend prolonged periods of time and large portions of their savings on home health care before ultimately entering a nursing home with very few financial resources. In fact, 70 percent of nursing home residents become Medicaid beneficiaries.⁵ If the Romney-Ryan plan were to go into effect, many of these seniors could be left without needed care, or spouses and families would face greater struggles to balance care for their loved ones with work and other care responsibilities.

"Look at what [Gov. Romney] put out! This tracks perfectly with the House budget"

—Paul Ryan, Fall 2011

Gov. Romney and Rep. Ryan paint Medicaid as an entitlement that fosters dependence. But in reality it is an opportunity program, ensuring that children have the health care they need to concentrate in school and become productive workers, or that families with a sick or disabled relative are able to stay in the workforce knowing that their loved one can access care. Similarly, Obamacare's expansion of coverage to low- and moderate-income families—something that Gov. Romney has called for repealing—would provide families with the access to the health care they need to achieve greater economic security and opportunity.

Mari's story about Obamacare

Reno, Nevada

"After my daughter went into remission for cancer, her insurance company was trying to drop her. They said they would only continue coverage if she were in school full time. It was impossible for her to be in school full time when she was still suffering the effects of chemo. Now that the reform [Obamacare] is in place, we no longer have to battle the insurance company to keep her on the rolls. I have a pre-existing condition for which I could not be covered. Once the expanded Medicaid goes into effect in 2014, I will have affordable coverage. It gives me peace of mind knowing I will not have to scramble to pay my costs forever. I just have to ride it out a little longer. I hope this isn't taken away from me. It's the first grain of hope I've had in a while that I will not die an early death from lack of treatment."⁶

2) The Romney-Ryan plan kicks 8 million to 10 million people off their nutrition assistance.

By endorsing Rep. Ryan's budget blueprint, Gov. Romney has pledged to support a policy of kicking between 8 million and 10 million people off the Supplemental Nutrition Assistance Program—the backbone of our nation's nutritional safety net—of setting the benefit so low that it wouldn't even meet the Department of Agriculture's definition of a bare-bones diet, or some combination of these two outcomes.⁷ The Ryan plan proposes \$134 billion in cuts to nutrition assistance over 10 years, slashing a program that kept approximately 4 million Americans out of poverty in 2011.⁸

The results would be particularly dramatic for households with children, seniors, or people with disabilities since nearly 75 percent of nutrition assistance program participants are in families with children, and more than 25 percent of participants are in households

with seniors or people with disabilities.⁹ Three times as many program households have incomes from work as do from welfare, making nutrition assistance an important support for low-wage working families.

Terri, a service provider in North Carolina, shares what she sees in a food pantry:

"I want to tell you two stories about people who are really struggling to survive. One of those comes from one of our far western counties [in North Carolina]. I was having this conversation with a woman who wasn't really talking to me about how hungry she was until I started asking her some more, kind of deeper questions. And what she told me was she has applications for jobs out in five counties; her husband is having to cross the state line every day to go to work—he has a four-hour commute—and she is only eating once a day so that she can save the calories for her husband, who is employed.

"Another woman told me that she has a son in Iraq right now. She lost her job because of a chronic illness and had not been able to get unemployment [insurance] because of the circumstances of her job. She had two kids at home and was at an agency looking for gas vouchers so that she could continue looking for work. And the thing she said to me at the end, which I think was the most profound, was when she said, 'I always heard that God won't give me more than I can handle, but I sure wish he didn't trust me so much.'

"So please, for these folks, protect this program [SNAP]...

"In those kinds of circumstances [massive unemployment, housing market where people cannot liquidate their houses to get out of bad situations] when there is no infrastructure in place to protect people to get them back on their feet, then these federal programs are providing the bridge that's keeping them from abject poverty and abject hunger."¹⁰

But Gov. Romney's cuts to the Supplemental Nutrition Assistance Program wouldn't only hurt low-income people. One of the program's core strengths is that during tough economic times, it sustains consumer demand for food, keeping small businesses humming and creating jobs for other Americans. In fact, if the Romney-Ryan cuts were spread equally over 10 years, they would cost us 184,000 jobs in the first year alone.¹¹

These cuts will affect job creation in the short run and stymie economic growth in the long run. Hunger, particularly among children, is associated with lower educational outcomes, lower workforce productivity, and higher health care costs—consequences that

affect middle-income families and businesses, as well struggling families. The Center for American Progress and Brandeis University have shown that hunger costs the United States \$167.5 billion every year in lost economic growth. A spike in hunger would also be costly to state economies (see Florida text box), affecting businesses and middle-income families, as well as families struggling against hunger.¹²

How Gov. Romney's cuts to the Supplemental Nutrition Assistance Program would impact Florida

- More than 3 million Floridians would be at risk of seeing their nutrition aid cut in fiscal year 2013, with \$8.71 billion in federal dollars leaving the state's economy.¹³
- If the cuts were averaged over 10 years, in the first year alone Florida would lose more than 15,467 jobs, as families cut back on food purchases.¹⁴
- More than 16 percent of Floridian households struggled against hunger in 2010.¹⁵
- Hunger cost Florida's economy \$11.72 billion in lost productivity, lower educational outcomes, increased health care costs, and other associated costs in 2010.¹⁶

3) The Romney-Ryan plan will squeeze services that create greater economic opportunity and mobility for low-income children, veterans, and families scraping by in a tough economy.

The Ryan budget would cut annual federal spending by more than \$350 billion, compared to President Barack Obama's proposed budget.

If applied across the board, these cuts would translate into kicking 191,000 low-income children off Head Start, an early education program that helps at-risk preschoolers with the educational, health, nutrition, and family support services they need to thrive.¹⁷

The cuts would also reduce or eliminate educational services for more than 4 million students in low-income school districts,¹⁸ and shift the special education costs of 1.26 million children with special needs to states and districts in the first two years alone.¹⁹

And it's not just educational funding. Services that train low-income youth and veterans for jobs, give expectant mothers access to healthy and nutritious food, offer mental health counseling, and provide cooling assistance to vulnerable households struggling in this summer's heat waves would all be subject to the deep cuts in this part of the budget.

One element of annual spending that both Gov. Romney and Rep. Ryan propose increasing is nonwar defense spending. Capping overall spending while boosting defense dollars will further squeeze the domestic investments that veterans rely on when

they come home. A veteran, for example, lives in one in five households benefiting from the Low Income Home Energy Assistance Program, which provides heating and cooling assistance, and 1.2 million veterans used mental health services in 2010.²⁰

Gov. Romney's tax and budget proposals: The Ryan budget on steroids?

Beyond endorsing the Ryan plan, Gov. Romney has offered few specifics on his plans to help “the very poor.” But while Gov. Romney has not outlined a specific plan to help low-income Americans, examining his tax and budget proposals yields key information about the cuts that would be necessary to low-income programs to finance his tax cuts for millionaires and increased defense spending.

And, unfortunately for struggling families, Gov. Romney's plans for low-income families are even more radical than those in the Ryan budget.

The Center on Budget and Policy Priorities has examined a few core spending and tax principles outlined by Gov. Romney, including:

- Passing a balanced budget amendment that requires the federal budget to be balanced by 2022
- Cutting marginal tax rates by 20 percent, including for the wealthiest Americans (with the generous assumption that half of the cost of these tax cuts could be offset from broadening the tax base)
- Protecting Social Security from deep cuts
- Imposing a hard cap of 20 percent on all federal spending as a percentage of GDP (with 4 percent of GDP set aside for core defense spending)

In practical terms, these principles translate into radical and historic limits on the resources available to help move families into the middle class.

In fact, under these constraints, the Center on Budget and Policy Priorities estimates that all other spending would be cut by 29 percent in 2016 and by 59 percent in 2022.²¹ In human terms this means that:

- 13 million low-income people would lose access to the Supplemental Nutrition Assistance Program, benefits would be cut by more than \$1,800 a year for a family of four, or some combination of the two
- Compensation payments for disabled veterans (which average less than \$13,000 a year) would be cut by more than 25 percent
- Supplemental Security Income benefits for poor seniors and people with disabilities (which average less than the poverty line, at about \$6,000 a year) would be cut by 25 percent

“I’m very supportive of the Ryan budget plan. It’s a bold and exciting effort on his part and on the part of the Republicans, and it’s very much consistent with what I put out earlier.”

—Gov. Mitt Romney, March 2012

- Nondefense discretionary spending, which includes services such as education, job training, Head Start, affordable housing, nutritional assistance for pregnant women and infants, and veteran’s health, would be cut by \$1.7 trillion over the next 10 years

Gov. Romney has endorsed the Ryan plan to cut and privatize Medicare and turn it into a voucher, while simultaneously criticizing reforms in the Affordable Care Act that cut waste in the Medicare program without undermining seniors’ guaranteed access to health care. But if Gov. Romney wanted to protect Medicare in addition to Social Security, under his own constraints he would have to practically eliminate every other safety net program, taking nearly \$6 out of every \$7 away from programs such as Head Start, job training, child care, and affordable housing.²²

Gov. Romney’s priorities: The rich come first

With all these cuts on the table for struggling families, you’d think Gov. Romney’s plan would ask the wealthiest Americans to sacrifice. But in fact, Gov. Romney’s plan offers \$2.9 trillion in tax cuts to just the top 1 percent of earners, which works out to an average annual tax cut of \$230,000 for those who have an average income of \$1.25 million according to the nonpartisan Tax Policy Center.²³

In contrast, Gov. Romney is proposing cuts of about equal value to critical health and nutrition programs relied upon by millions low- and moderate-income families today.

Gov. Romney's tax breaks for the 1 percent ²⁴	Cuts to low-income programs under Gov. Romney's tax and budget plans ²⁵
<p>\$1.9 trillion from Gov. Romney's additional tax cuts for the wealthiest Americans</p> <p>\$1 trillion from extending the Bush tax cuts</p>	<p>\$1.9 trillion in cuts to Medicaid and Children's Health Insurance Program over 10 years</p> <p>\$898 billion in cuts to:</p> <ul style="list-style-type: none"> • Supplemental Nutrition Assistance Program • Child nutrition programs such as free and reduced school lunches • Refundable earned income and child tax credits to make work pay for low-wage working families • Supplemental Security Income for poor seniors, the blind, and the disabled
<p>\$2.9 trillion over 10 years in tax cuts for the 1 percent</p>	<p>\$2.8 trillion over ten years in cuts to low-income families</p>

Conclusion

After the media pressured Gov. Romney about his “not concerned about the very poor” remarks, he backtracked, stating, “My primary focus is on helping people get in the middle class and grow the middle class. That we have a safety net that cares for the poor, I want to keep that safety net strong and able. The wealthy are doing just fine.”²⁶

Less than two months later, he endorsed the Ryan budget, which asked low- and middle-income Americans to pick up the tab on an additional \$3 trillion in tax cuts for the wealthiest American households.

In short, the real problem is not Gov. Romney’s penchant for gaffes, but his public policies, which will undermine access to the American Dream for millions of families.

Whether through endorsing the Ryan budget or setting out his own more radical budget and tax policies, Gov. Romney’s plan gives up on vulnerable families and further erodes the middle class while funneling more tax breaks to the 1 percent.

And by picking Rep. Ryan as his running mate, Gov. Romney has only further aligned himself with a radical budget plan that tilts our economy even more in favor of the wealthy at the expense of broad-based economic prosperity.

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