

Poverty Institute Statement about Federal Budget Cuts with Senator Jack Reed

Thank you Senator Reed for your leadership and your passion for assuring that the federal government does not turn its back on low income Rhode Islanders. RISES – Rhode Islanders for Social and Economic Security - on whose behalf I speak today – is a diverse coalition of consumer and women’s groups, advocates, labor unions, and disability and retiree organizations. We are grateful that you have called this press conference to bring attention to the cuts to vital programs for children, people with disabilities and seniors that Congress is now considering.

Low income families in Rhode Island would be particularly hard-hit by the proposed cuts. It is estimated that Rhode Island would lose \$11 million in federal funds for child support collections over 5 years (\$35 over 10 years) under the House proposal. This would result in a reduction of \$18 million in child support collections affecting the 45,000 working families who rely on the state to help them collect payments from an absent parent. (\$54 million over 10 years).

Allowing states to require poor families to pay for Medicaid coverage and services through premiums or co-payments and to permit states to restrict covered benefits – pose a dangerous threat to the well-being of our children. Under RI’s current premium requirement which applies only to families with income above 150% of the federal poverty level – (about \$2,000/month for family of 3) around 200 children per month lose their health insurance because their families can’t afford the monthly payment. Thinking that families with poverty or near-poverty level income can afford health insurance premiums or co-payments for prescriptions or doctors visits shows an incredible lack of understanding by federal policy makers of the financial reality for low-wage families.

Tens of thousands of RI seniors and people with disabilities living on fixed incomes would also be hard-hit if the state imposed premiums or other cost-sharing and many seniors would be denied long-term care services because of the transfer of asset changes being proposed by the House.

Cuts to the SSI program would hurt newly disabled Rhode Islanders who may wait many months for their case to wind its way through the system by denying them immediate access to the benefits to which they are entitled. The House is also proposing to turn back the clock and again limit legal immigrants’ access to Food Stamps – depriving potentially hundreds of RIsers of this important anti-hunger benefit.

But while these vulnerable people – people who can’t work due to age or disability – people who are working but don’t earn enough to meet basic needs – are under attack by Congress – those who have enough- and more than enough remain unscathed. While cutting low income programs Congress is not reconsidering tax cuts enacted over the past few years that have primarily benefited higher income families – or two cuts that will go into effect in January that will mostly help the 4% of households with income above \$200,000. In addition, Congress is considering \$70 billion in new tax cuts over the next 5 years a large

portion of which will flow to upper income households.

We thought Katrina and Rita opened people's eyes to the stark reality of poverty and income inequality in our country. Sadly, it seems that many in Congress – though thankfully not our delegation - have their eyes firmly shut and are on their way to enacting a budget that will increase suffering for many while indulging a few. Rhode Islanders and Americans should not tolerate this travesty.