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U.S. House Republicans' Plan Would Dismantle Basic Social Programs
Proposed budget would provide an array of tax cuts to the wealthiest Americans while raising taxes on everyone else

John Bouman, President of the Sargent Shriver National Center on Poverty Law, says that the 10-year budget plan unveiled by Rep. Paul Ryan, Chairman of the House Ways and Means Committee, on behalf of the House Republicans yesterday is an extraordinary document that, while short on details, nevertheless paints a radically new future for America.

Ryan's plan would cut spending by \$5.8 trillion over the next 10 years, lowering spending to 2008 levels and then freezing it for five years. However, roughly two thirds of the savings from cuts in spending on government programs would be realized from programs that serve people of limited means. The main programs that would be cut are Medicaid, Pell Grants, Food Stamps and housing. Placing such a large burden of the cuts on these programs violates basic principles of fairness.

Ryan achieves much of his savings by altering the fundamental structure of three basic government social welfare programs:

- **Medicare** (health care for seniors) Instead of the current system, where the government pays for care, participants would be given health care vouchers they would use to purchase health insurance from private insurance companies.
- **Medicaid** -- health care for the poor, primarily elderly and disabled -- would convert from a program of shared federal and state costs into a federal block grant, meaning states would get a fixed sum of money regardless of medical cost inflation, population growth, aging of the population, or other cost factors.
- **Food Stamps** would be converted from a 100% federally funded program into a block grant. States would have to decide how to ration benefits that are intended to ensure all Americans a minimal level of nutrition. Overall assistance would not increase in times of greater need.

Altering the basic structure of these programs saves the federal government vast amounts by shifting costs onto the states. In Medicaid alone, the federal government would cut its costs by \$750 billion over 10 years.

On the revenue side, Ryan's budget would provide an array of tax cuts to the wealthiest Americans while raising taxes on everyone else. The top income tax rate would be reduced from 35% to 25% and corporate and estate taxes would be eliminated, while a regressive national sales tax would be imposed.

In the end, Ryan's spending cuts of \$5.8 trillion over 10 years are largely offset by revenue reductions of \$4.2 billion that heavily favor the wealthy. Thus, it is fair to say that the Ryan plan is really income redistribution to the rich masquerading as deficit reduction

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The Shriver Center provides national leadership in efforts identifying, developing, and supporting creative and collaborative approaches to social and economic justice for low-income people. The Shriver Center fulfills its legal advocacy and policy development through a comprehensive set of initiatives, including representing low-income people on a variety of issues that affect their social and economic well-being and managing communications and access to poverty law strategies and policy-related information.