



## AFSCME FEDERAL BUDGET PRIORITIES

Our nation's budgetary policies should be designed to help strengthen the economy, boost job creation, and provide critical public services that benefit all Americans. However, budget battles over the past four years have weakened our fragile economy by reducing needed federal investments at a time when they are needed the most.

While Wall Street has fully recovered from the worst recession in our lifetimes, working families are still struggling to meet basic needs. The budget caps and the automatic spending cuts imposed by the Budget Control Act have made the daily struggles of middle-class families even more difficult and have contributed to record levels of unemployment and widening income inequality. Instead of indiscriminate spending cuts, we need to invest in public health, job training, education and infrastructure to accelerate and sustain economic growth. We need an economy that works for everyone, not just the select few.

### **Grow the Economy and Create Jobs**

It has been nearly five years since the official end of the Great Recession, and the economic recovery is still weak. While the private sector has experienced some moderate job growth, public sector job losses are dragging down the overall economic recovery. All told, the total gap in public sector employment is 1.5 million jobs, including 725,000 jobs lost and the failure to create an additional 776,000 jobs to keep up with population growth. State and local governments are heavily dependent on federal investments. One in three federal non-defense discretionary dollars supports state and local government services such as education, health care, human services, public safety, transportation and other vital services. Further federal spending cuts and/or insufficient program increases will result in continued high levels of unemployment and the slashing of critical services which most Americans rely on.

### **Raise Revenues to Make Needed Investments**

More revenues and fair taxes are essential to help meet our fiscal challenges and make needed investments. Corporations must pay their fair share of taxes, which means that corporate tax reform must generate significant new revenue. Tax breaks that encourage corporations to ship profits and jobs overseas must end. Likewise, wealthy individuals should pay their fair share of taxes.

### **Protect Social Security, Medicare, Medicaid**

We must strengthen rather than weaken important lifeline programs that protect the middle class and the vulnerable. Medicare, Medicaid, and Social Security are the backbone of

our nation's social safety net. Medicare and Medicaid enable older Americans, children, and low-income families to have access to modern medicine regardless of their health status or level of income. And Social Security is our nation's most reliable, secure, fair and universal protection against poverty, disability, and old age. Our federal budget should uphold these commitments to children, seniors, and vulnerable Americans.

### **Oppose Ryan-GOP Leadership Budget Cuts**

The budget proposed by House Budget Committee Chairman Paul Ryan (R-WI), which is expected to be voted on in the House of Representatives this week, moves the country in the wrong direction and should be rejected. It slashes overall spending by a staggering \$5.1 trillion over 10 years, decimating vital services and programs that would incapacitate state and local governments and lead to massive cuts in vital public services. Deep cuts in public programs mean major job losses. Moreover, fully 69% of its cuts come from low-income programs while defense spending is increased by \$483 billion.

The Ryan budget robs working families to subsidize tax cuts for the wealthy and corporations. It would reduce the top individual tax rate on the highest income Americans from 39.6% to 25% and reduce the corporate tax rate from 35% to 25%. It raises taxes on middle-class families with children by an average of at least \$2,000 in order to cut tax rates for households with incomes over \$1 million.

The Ryan budget would end Medicare as we know it by turning the guarantee of medical care for seniors into a voucher for all beneficiaries. It raises the age for Medicare eligibility to 67 for individuals born in 1959 or later. This change would increase costs for seniors, states and retiree health plans, who will bear the costs of private health insurance for an additional two years. It would also increase Medicare beneficiaries' costs for prescription drugs and for recommended preventive care, including mammograms and prostate cancer screenings. In addition, the Ryan budget also takes an ax to the Medicaid program, cutting Medicaid by \$732 billion – nearly 30%. This enormous cut would be on top of proposed cuts from repealing the Affordable Care Act's federal support to states for expanding Medicaid. As a consequence, states will be forced to eliminate services and reduce coverage. Because two-thirds of Medicaid expenditures are for low-income seniors and people with disabilities, states will be forced to make deep cuts in nursing home and other long-term care services for these vulnerable populations.

### **Congressional Action Needed**

- **We oppose the deep, harmful cuts in the Ryan-GOP leadership budget plan and instead support a federal budget that makes needed investments to grow the economy and creates jobs, especially in the public sector.**
- **We are also calling on Congress to raise significant new revenues by requiring the wealthy and corporations to pay their fair share of taxes and to protect crucial lifeline programs by opposing cuts to Social Security, Medicaid, and Medicare.**

*Department of Federal Government Affairs  
April 2014*