

## WHAT THE RYAN BUDGET PLAN WOULD MEAN FOR VIRGINIA

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Dry and technical as they seem, budgets tell us more than airy speeches about what leaders believe our government should accomplish – and who should benefit or pay. In March of 2012, all but a few Republicans in the House of Representatives approved a budget designed by Representative Paul Ryan to cut taxes for corporations and the rich and greatly reduce social benefits for other Americans. The Senate will not go along this year, but many Republicans consider the Ryan plan an ideal blueprint – and want to put it into effect as soon as they can.

The stakes for our country are very high, and citizens need to know how Ryan's budget could affect their daily lives. This brief takes a close look at what would happen in Virginia.

### **Less Help for Virginia Families with Low or Moderate Incomes**

Overall, the Ryan budget pays for tax cuts tilted toward the rich with large cuts in programs that help low and middle-income people get basic health care, buy groceries, and find employment.

- Because the Ryan plan would greatly shrink federal contributions, Virginia would lose an average of \$1 billion in Medicaid funds each year for the next decade. That would require Richmond to kick tens of thousands off the rolls, or else severely cut back services for the 1 million elderly, poor, and disabled Virginians for whom Medicaid is a lifeline.
- The recent health reform law would be repealed, and that means no new tax credits to help businesses and families buy private health insurance and no expansion of Medicaid to people with below-average incomes. According to the Kaiser Family Foundation, the Medicaid expansion alone would cover an additional 300,000 Virginians by 2021. That is more than the populations of Annandale, Charlottesville, Danville, Fredericksburg, Roanoke, Williamsburg, and Winchester combined. But the Ryan plan would leave these people without health insurance.
- Health reform's guarantee of free checkups would also go away – and so would the rules that prevent insurance companies from denying coverage or charging a lot more to people with preexisting health problems. This change would hurt all Virginians.
- About 900,000 Virginians rely on Food Stamps to buy groceries, but the Ryan plan would cut the program by 17 percent. Our state would either have to deny all assistance to almost 150,000 people, reduce help for many more, or some of both.
- Many Virginians are still struggling with the effects of the Great Recession, but the Ryan plan would immediately cut training and employment services for 6,000, while more than 30,000 would lose job search assistance. Even more would be adversely affected in 2014.

## **A Blow to Virginia's Children and Young People**

People often picture adults using safety-net programs like Medicaid and Food Stamps, but we should not forget that children are about half of those who get currently get help – and those same youth would be prime targets of the Ryan budget cutbacks already discussed. Through no fault of their own, thousands of Virginia's neediest children would be put at new risk of going without needed food or health care.

Sharp reductions in federal spending on education would also hurt vulnerable children and make it harder for young people to develop their potential for the future.

- In 2014, Virginia would lose over \$50 million in federal support for special education and another \$45 million in support for schools with large numbers of low-income students, affecting more than 70,000 K-12 students. Hundreds of teachers' jobs would be at risk.
- Virginia would lose the money needed to help almost 3,000 preschoolers participate in Head Start.
- For college students in Virginia, the average Pell grant would be reduced by \$850 per year, and more than 2,500 work-study opportunities would be eliminated. These changes would make it tougher for worthy students from hard-strapped families to enroll or stay in college.

## **Higher Costs and Reduced Security for Virginia's Senior Citizens**

Medicare is popular with senior citizens in Virginia, but there would be big changes if the Ryan plan goes through:

- The current program would be changed after 2022 to provide vouchers of reduced value. Out-of-pocket spending for medical care would double. Families would have to chip in if grandma or grandpa did not have the money.
- The Ryan plan would save federal funds by increasing the age at which people can go on Medicare from 65 to 67. That may not sound like a big deal, but there are currently over 50,000 Virginians age 65 or 66, and that number is growing as baby boomers retire. Without Medicare, those individuals would need health insurance from their employers, adding to business costs. Or if they don't have employer coverage or lose their jobs, they would have to try to buy private insurance, which is very expensive for older people.
- The Ryan plan calls for the repeal of the recent health reform, including the extra help it offers Medicare beneficiaries to pay for prescription drugs. With the "donut hole" reopened, tens of thousands of Virginia's elderly would have to pay more at the drugstore.

## **A Different Kind of Cut for the Rich**

Of course, not everyone in Virginia would suffer. The Ryan plan would lower the top individual income tax rate from 35 to 25 percent – delivering an average tax cut to millionaires of about \$264,970 in 2015 (according to the Urban-Brookings Tax Policy Center). In contrast, people earning less than \$30,000 would actually pay more in taxes. Robin Hood in Reverse, as the saying goes, is what the Ryan budget plan is really all about.