

THE RYAN BUDGET AND MICHIGAN: A FEW WIN, BUT MILLIONS LOSE

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“We have a unique opportunity to sweep and remake the political landscape,” Congressman Paul Ryan told a cheering crowd of Republican faithful last spring. He was describing his radical plan to cut taxes for the wealthy and slash benefits for the middle class and the poor. Almost all Republicans in the U.S. House of Representatives have already voted to adopt Ryan’s Budget – and the GOP hopes to write the plan into law before long.

What would this mean for Michigan families? Using nonpartisan data, we take a close look at the Ryan budget’s impact on family income, educational opportunities, health care, and old-age security. The bottom line is stark: if this Republican-backed budget passes, a tiny proportion of Michiganders would benefit, but millions would lose.

Big Tax Cuts for the Wealthy Few

Overall, the Ryan budget eliminates middle-class tax breaks and cuts important programs to make room for big new tax cuts for the rich and very rich. All families making over \$200,000 a year would enjoy substantial tax breaks. *The biggest winners would be Michigan households making over \$1 million a year—a recent nonpartisan analysis by the Urban-Brookings Tax Policy Center finds they would pay an average of \$265,000 less in taxes.* With the Ryan tax cut slated for a just a single millionaire family in Michigan, we could:

- Send 12 Michigan young people to Michigan State University with a free ride.
- Keep five workers employed as teachers or firefighters, making the middling income for Michigan households of \$48,000 a year.

Census Bureau data show there were just 91,300 Michigan households with incomes above \$200,000 in 2010, fewer than three out of every hundred. If a person from each of these households attended a football game at the Big House, there would still be 18,500 empty seats.

Michigan Senior Citizens Would Pay More for Less Security

Medicare is one of America’s most beloved programs, and it currently guarantees health care for about 1.6 million senior citizens in Michigan. But for seniors, the Ryan budget is very bad news.

- It would end Medicare as we know it, and require Michigan seniors retiring ten years from now to use a voucher to help pay for private insurance (or accept reduced public benefits).
- The value of the Ryan vouchers would decline over time, falling behind rising health insurance prices. Nonpartisan analysts estimate that senior citizens – or their families –

would have to scrounge up an additional \$6,000 each year just to get the same coverage seniors have now.

- The Ryan plan would make seniors wait until age 67 to get the partial vouchers, forcing 65 and 66-year-olds to buy private insurance if they do not have coverage from employers.
- The recent health reform would be repealed. The “donut hole” gap in Medicare prescription drug coverage would re-open, forcing many seniors to pay more at the drugstore. In addition, private insurance companies would be able to go back to charging older people much higher premiums and denying coverage because of preexisting conditions.

Michigan Young People Would Lose Health and Education Benefits

The Ryan budget requires huge cuts in major federal health and educational programs that benefit Michigan. It does not spell out exact cuts, but the losses can be estimated by averaging across programs on the chopping block. The Ryan reductions include:

- an 18.5% cut in education by the end of 2014, which could lead to 7,100 fewer Head Start slots for Michigan children, among other severe reductions.
- major cuts in Medicaid, leading to reduced benefits for children and more uninsured, because roughly two-in-five Michigan children are covered by public insurance.
- huge cuts in Pell Grants, making college attendance much more difficult for nearly 300,000 college students in Michigan whose parents earn modest incomes.
- repeal of the recent health reform law, including the provision requiring all private insurance plans to let parents keep young adults on their plans up to age 26.

Michigan’s Poorest Families Would be the Hardest Hit

Bad as the Ryan budget is for the middle class, it is terrible for those who are struggling. The Center for Budget and Policy Priorities says a whopping three-fifths of the cuts would hit safety net programs for very low-income Americans.

- Michigan’s poverty rate (15.5% in 2010) is above the national average, so the state would be especially hard-hit by cuts in federal spending for the poor.
- Hunger would grow with major cuts in food aid, because 1.9 million, 19% of all Michigan residents, rely on Food Stamps every month, and two in every five Michigan children eat lunch through the National School Lunch Program.

Budget Deficits for Decades

The Ryan budget doesn’t even get rid of the federal deficit. It would strip the nation of revenue needed to pay for things we all need – like clean air, roads, and education – in order to finance big tax reductions for the very wealthy. As a result, the U.S. Treasury would continue to run deficits for several decades. All in all, the Ryan Budget is a windfall for the wealthy few, a bad deal for the rest of Michigan – and the wrong choice for America.