



Advocacy Alert

OREGON FOOD BANK
OREGON HUNGER RELIEF TASK FORCE

February 2005
Volume 11 Issue 2



take five

(actions that take five minutes or less)

Action:

Contact Senators Smith and Wyden asking them to protect key low-income programs in the federal budget.

Message:

✓ As leaders on health and hunger issues, please oppose block granting food stamps and Medicaid.

✓ Oppose caps on domestic discretionary and entitlement programs.

✓ Support a balanced and equitable deficit reduction plan.

Take Action with ease...

www.oregonfoodbank.org



ADVOCATE

Legislative Yellow Pages

State Legislative Information

1-800-332-2313 (outside Salem)

(503) 986-1000 (in Salem)

www.leg.state.or.us/citizenguide

Federal Legislative Contacts

Rep. Wu (District 1)

(503) 326-2901

Rep. Walden (District 2)

(541) 776-4646

Rep. Blumenauer (District 3)

(503) 231-2300

Rep. DeFazio (District 4)

(541) 465-6732

Rep. Hooley (District 5)

(503) 588-9100

Senator Smith

(503) 326-3386

Senator Wyden

(503) 326-7525

The looming federal budget battle

The release of the President's budget this month will mark the beginning of what is shaping up to be one of the most important debates about the future of key low-income programs. The President and key congressional leaders have already signaled a desire to shrink domestic programs. These programs include low-income housing, Medicaid, the Food Stamp and Child Nutrition Programs.

The Administration and its allies are attempting to use growing concerns about the budget deficit to justify major cuts in domestic programs (even though Congressional Budget Office data show that tax cuts, not program increases, are the main reason why large deficits have emerged in the past few years). Instead of debating the merits and support for each program separately, the President and

congressional leaders will propose overarching changes within the budget process. The major types of changes expected to be proposed are listed below.

Entitlement Caps

Entitlement programs include Social Security, Medicare, and Medicaid, as well as smaller programs such as food stamps, the earned income tax credit, and federal civilian and military retirement benefits. Unlike discretionary programs, whose funding is set each year by Congress as part of the appropriations process, the cost of entitlement programs is based on rules set in permanent law, such as who is eligible and what benefits they receive.

A proposal that surfaced last session would have placed an annual dollar cap on all entitlement programs, aside from Social Security and

Medicare. The cap would have been set at a level under what it would cost to simply maintain the programs at current service levels. This artificial cap would have forced Congress to make drastic cuts for years to come. For example, it is commonly understood that the cost of health care is increasing at double-digit rates. This is true for both private health care and government administered health care such as Medicaid. An entitlement cap set to grow at only a few percentage points a year would not accommodate the double digit growth. As a result, Congress would be forced to make cuts that would otherwise be politically unthinkable.

Discretionary programs

The President has proposed making deep cuts in "domestic discretionary" programs.

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Start planning now: Children's summer food programs

It may still be winter outside, but it's not too early to start planning children's meal programs for next summer.

The Oregon Department of Education (ODE) is now registering non-profits, churches and other community-based organizations for the March 1, 2005, training and application session for new Summer Food Service Program (SFSP) sponsors. The registration deadline is **February 18, 2005**. If your

organization is thinking of providing summer meals to children this year using the SFSP, you must attend this new sponsor workshop. For a copy of the registration form, visit <http://www.ode.state.or.us/search/results/?id=208> or call Genna James at 503-378-3600, x 2610.

The Summer Food Service Program provides reimbursement to programs serving meals to children through age 18 in qualifying

high need areas (where 50% or more of the children are eligible for free or reduced price school meals). A new simplified version of the program, available this year to all Oregon sponsors, should make it easier for sponsors to run the program and maximize their federal reimbursement. For more information on the Summer Food Service Program, contact Barbara Cracknell, ODE, at (503) 378-3600, x2619 or Holly Wilkalis, Oregon Hunger Relief Task Force, (503) 963-2292.

Key low-income programs focus of federal budget debate

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Discretionary programs are those programs whose funding is set through the annual appropriations process. Education, veterans medical programs, Women Infants and Children (WIC), and housing are just a few of the program areas that would be affected by discretionary spending caps.

One tactic has been to propose small cuts immediately and require larger cuts down the road. The idea is that it is easier to cut politically popular programs if the cuts are quietly put in motion. By the time Congress is required to make the cuts, they can say that they support the program but have no options because the rules were set years ago.

Block grants

Block grants are a clever, back-door way of shrinking funding for programs, especially entitlement programs. It is a way to disconnect the link between need and fund-

ing and quietly watch the funding shrink.

Block grants are often sold as a way to offer greater flexibility to states. States are given a fixed sum of money for a program such as food stamps. In theory, states are then freed from federal regulations that prevent them from implementing innovative cost-saving strategies. In reality, experience has shown block grants as a way to plug state funding shortfalls, shifting funds from core program goals and shrinking the total dollars spent to help people in need.

Last year there was a proposal to block grant the Food Stamp Program for five states. This proposal is expected to resurface this year. One of the great benefits of the Food Stamp Program is how the program shrinks and grows with need. As more people qualify for food stamps, as we experienced during Oregon's recession, funding is available to meet the increased need. Program expenses decline as employment and wages increase and fewer people qualify. Under a block grant, program funding would be artificially set with no room for growth should unemployment start increasing.

Tax cuts

The cuts to important domestic programs are being promoted at the same time the Administration has signaled their intent to make the 2001 and 2003 tax cuts permanent, despite the fact that the cost of these tax cuts was a major contributor to the deficit. Asking low- and moderate-income families to sacrifice in order to help shrink the

deficit without asking the same of the wealthiest who benefited from the tax cuts represents an unbalanced approach to deficit reduction.

Next Steps

Congress will begin working on these issues immediately after the President releases his budget in early February. Senators Smith and Wyden both play important roles in this process. They both sit on the Senate Finance Committee, which has jurisdiction over many key entitlement programs, and Senator Wyden sits on the Budget Committee.

It will be important for them to hear from everyone in Oregon who has a stake in protecting the future of domestic programs. Let them know you value programs such as Medicaid, Food Stamps, low-income housing, federal nutrition programs, and education and ask them to protect these programs by voicing their strong opposition to entitlement caps, block grants, or other program slashing measures. Let them know that you do support a balanced approach to reducing the deficit but it cannot be done simply by scaling back the government's responsibility for health care, education, or human services for the most vulnerable Americans.

For more information, visit Center on Budget and Policy Priorities www.cbpp.org

To take action, see this month's "Take Five."

Anti-hunger legislation update

This legislative session is in full swing and bills are being heard much earlier. The OHRTF and OFB have been busy submitting bill ideas and rounding up authors. Below is an update with a few talking points to get you started--yes you! Please call your legislators to support these bills early on.

•**HB 2046 - Expand the state Earned Income Tax Credit (EITC):** Make the EITC refundable and increase the value to eliminate state taxes for people living below the federal poverty level. *House Revenue Committee bill*
✓ People making poverty wages should not have to pay taxes when that money could be better used for food.

•**Strengthen Rules for Pay-day Loans:** Increase loan term to a minimum of 31 days and cap interest at \$15 per \$100 for the first loan; \$10 per \$100 for each loan renewal.
✓ Working families just trying to pay their bills deserve laws that will protect them from exorbitant interest rates and fees.

•**SB 289 - Expand WIC/ Farmers' Market Coupons:** Increase state funds by \$49,000 to access additional federal funds to expand to roadside stands and provide more vouchers to families on the Women, Infants and Children (WIC) program. *Senate Local Government Committee bill*
✓ This small increase in state money will help expand the program to roadside stands and get more produce to families in need.

For more information see www.oregonfoodbank.org.

The Advocacy Alert is published jointly by the Oregon Food Bank (OFB) and the Oregon Hunger Relief Task Force (OHRTF).

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