

## The real ingredients in class warfare

Written by Melissa Boteach  
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*Mitt Romney's tax and budget plans assault low- and moderate-income families, especially people of color*

Former Massachusetts Gov. Mitt Romney constantly accuses President Barack Obama of fomenting “class warfare” and stoking “envy” among the have-nots for the wealth of the “haves.” Without a doubt, class warfare is afoot in our nation, but it is Romney’s own tax and budget plans that will further divide our nation because of his assault on poor and middle-class Americans alike.

Mitt Romney’s tax and budget plans would undermine the ability of millions of struggling Americans to meet the basic need of securing affordable health care. This assault on the 99 percent comes in at the exact same cost as his offer of additional tax cuts to the wealthiest 1 percent of Americans.

Here’s the math:

TABLE 1

### Romney’s tax and budget plan and its consequences

Comparing his tax breaks for the 1 percent to cuts to healthcare for the 99 percent

| Tax breaks for the 1 percent in Gov. Romney’s plan                        | Cuts to health care for the 99 percent   |
|---|--|
| <b>\$2.24 trillion over 10 years</b>                                      | <b>\$2.17 trillion over 10 years</b>   |
| Amount of tax breaks to the top 1 percent of earners in Romney’s tax plan | Cuts to Medicaid (\$771 billion) and subsidies for low- and moderate-income families to purchase health insurance under health care reform (1.4 trillion)                        |
| <b>Beneficiaries:</b>   | <b>People who could be affected</b>  |
| The 1 percent with an average income of \$1.25 million                    | At least 72 million nonelderly people with Medicaid or who will be turning to new health exchanges or Medicaid under the Affordable Care Act as their primary source of coverage |

Source: For the tax side, author’s calculations are based on Tax Policy Center analysis showing that 34.3 percent of tax change goes to top 1 percent, and Center for American Progress Action Fund analysis shows that Romney’s tax plan totals \$6.6 trillion over 10 years—34.3 percent of this is \$2.24 trillion. For spending cuts side, Medicaid and health reform numbers come from Center on Budget and Policy Priorities paper; and the 72 million Medicaid number comes from calculations based on CBO study.

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These proposals will hurt the 99 percent overall but will strike communities of color the most, in part because they were hardest hit by the Great Recession of 2007–2009 and the still-lingering housing crisis. Romney's plan, for example, offers \$2.24 trillion in tax cuts to the top 1 percent of earners. This works out to an average tax cut of \$165,000 for those who already have an average income of \$1.25 million, according to the nonpartisan Tax Policy Center.

In contrast, Romney is proposing cuts of about equal value to critical federal government programs offering affordable health care coverage to low- and moderate-income families today. Romney plans to send federal funding for Medicaid "back to the states" as a block grant—a ploy designed to sharply cut spending on this critical safety net program—and to repeal the Affordable Care Act, which provided subsidies for low- and moderate-income families to purchase health insurance through exchanges. The details for Romney's own budget plan are not fully developed but he has embraced the principles of Rep. Paul Ryan's (R-WI) budget plan, which is the basis for this comparison.

This plan would cut federal funding for Medicaid in half (49 percent) by 2030, hitting communities of color, children, and the elderly particularly hard. One case in point: 70 percent of nursing home residents eventually rely on Medicaid to help pay for their care. Deep cuts to Medicaid could result in less coverage for seniors who need long-term care or higher costs for the elderly and their families to bear. With nursing home costs averaging \$80,000 a year, cuts to Medicaid would slam low-income and middle-class families who have a family member with an illness or disability. Here's who would suffer in particular—communities of color make up approximately 43 percent of the elderly Medicaid population, with blacks comprising 17 percent, Asian Americans 7 percent, and Hispanics 10 percent, respectively.

Similarly, children of color would be disproportionately harmed by Romney's proposal to fund Medicaid through block grants to the states. Medicaid currently provides low-income children with key services for healthy development through regular preventive care, follow-up, and treatment services. Children of color represent nearly three-fifths (59 percent) of children enrolled in Medicaid, with blacks comprising 26 percent, Asian Americans 3 percent, and Hispanics 22 percent, respectively. Cutting Medicaid could place in jeopardy these critical preventive health services for a key part of our future workforce.

Romney likes to paint these programs as entitlements that foster a culture of dependence. But in reality, Medicaid is an opportunity program, providing the health building blocks for children to be able to concentrate in school and become productive workers, or for families with a sick or disabled relative to be able to afford nursing home care so that they can stay in the workforce. Similarly, the Affordable Care Act expansion of coverage to low- and moderate-income families that Romney has called for repealing would provide families with the access to the health care they need to achieve greater economic security and opportunity.

These programs also create jobs for other Americans. As Medicaid dollars circulate through state and local economies, they create 17.1 new jobs for every \$1 million in federal program spending. Under Rep. Ryan's proposal to block-grant Medicaid, this would translate to a loss of nearly 3.1 million jobs between 2013 and 2020.

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In contrast, Romney's tax cuts for millionaires will not magically trickle down to create opportunity for the rest of us. We've tried this before with the Bush tax cuts. It failed.

Romney's tax and budget plans will exacerbate inequality and undermine mobility, offering another tax cut to the 1 percent at the expense of health care for the 99 percent. Poor and middle-class families, especially among communities of color, cannot and should not bear this burden of Romney's class warfare tax and budget plans.

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