

Top Threats in the Federal Budget: Muskegon County

Whatever happens in Washington does not stay in Washington, especially when it comes to the federal budget, and will have long-lasting impacts on our state, our residents and our economy. Michigan’s budget relies heavily on federal funds—about 42% of our current budget is made up of federal funds—and decisions made in Congress will significantly impact our state’s ability to provide vital services to Michigan residents.

1 Serious Cuts to Healthcare

Medicaid provides healthcare services to about 2.5 million Michigianians, including 650,000 who are enrolled in the Healthy Michigan Plan, Michigan’s version of Medicaid expansion. The proposed federal budget would fundamentally restructure the Medicaid program and would roll back coverage, forcing Michigan to make further cuts to eligibility, benefits and/or provider payments. Additional cuts would be made to Medicare, which provides health coverage for seniors.

2 Increasing Hunger

Proposed cuts to federal food support to help families afford groceries would increase hunger. Last year nearly 1.5 million Michigianians, including nearly 600,000 children, relied on food assistance to put food on their tables. The proposed federal cuts, equal to about 20% of the program over 10 years, would shift costs to the states, requiring the state to reduce or eliminate food assistance for many Michigan residents, including children and people with disabilities.

3 Fewer Workers Accessing Working Family Tax Credits

The Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC) are two of the best tools in our tax code for addressing poverty. They reward work, help families afford basic needs and have long-term positive impacts on the lives of children. The proposed federal budget threatens the impact of the EITC and CTC by implementing so-called

“integrity” provisions, such as requiring Social Security numbers for recipients and verifying the taxpayer’s income, which would reduce the number of people who qualify and decrease and delay payments.

4 Fewer Michigianians Making Ends Meet

The federal budget currently helps millions of Michigianians make ends meet, not only through healthcare and food assistance, but also through basic cash assistance, financial aid for college, and Supplemental Security Income, which helps seniors with low incomes and people with disabilities pay for housing, food and other necessities. Possible cuts to these vital programs would make it difficult for Michigan residents to afford basic needs.

5 Cuts to Vital Programs to Pay for a Tax Cut for the Wealthy and Corporations

The individual and business tax cuts proposed, such as lowering the rates and eliminating the Alternative Minimum Tax and the Estate Tax, would benefit wealthy taxpayers and big businesses most. Michigianians making over \$1 million would see nearly 40% of the tax cuts, even though they only represent less than 1% of all Michigan taxpayers. They would see an average tax cut of \$380,940 compared to the \$220 average cut for those making less than \$45,000, who make up over 43% of our state.

What’s at Stake?

(Number of residents impacted and percent of county population)

POVERTY
31,550 (19.2%)

CHILD POVERTY
11,100 (27.9%)

UNEMPLOYMENT
4,480 (5.8%)

MEDICAID
40,790

HEALTHY MICHIGAN
12,620

UNINSURED
810 (8.8%)

SNAP HOUSEHOLDS
14,760 (22.9%)

EITC 2014
17,850 (22.9%)

LOW-INCOME CTC 2014
11,630 (14.9%)

CASH ASSISTANCE
Children: 1,600
Adults: 550

Note: All data 2015 unless otherwise noted. *(Suppressed due to low incidence.)

Impact of Federal Budget and Tax Cuts in Michigan

Average Tax Cut Under Trump Tax Proposals (in Michigan 2018)



Source: Institute on Taxation and Economic Policy

Federal Budget Changes Could Disproportionately Impact Children

Cash Assistance Recipients



Food Assistance Recipients



Medicaid Recipients



Sources:

Note: Numbers rounded to nearest 10

Poverty/Child Poverty: American Community Survey, 5-year estimates, 2015

Unemployment: MI DTMB LMISI Local Area Unemployment Statistics, 2015

Medicaid/Healthy Michigan: MDHHS Trend Report, 2015 monthly averages

Uninsured: American Community Survey, 5-year estimates, 2015

Supplemental Nutrition Assistance Program (SNAP): American Community Survey, 5-year estimates, 2015

Tax Data: IRS Statistics of Income

Cash Assistance: MDHHS Trend Report, 2015 monthly averages