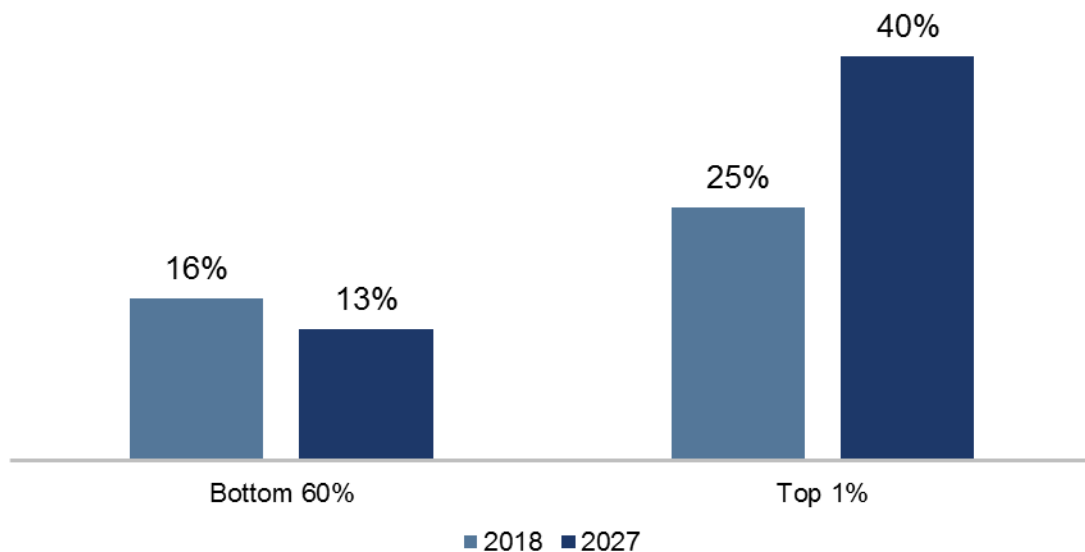


Federal Budget Puts Critical Investments at Risk in Kentucky's 3rd Congressional District

The vast majority of Kentuckians would be worse off under the recent federal tax cut proposals. Crafted to benefit the wealthiest individuals and largest corporations, the plans would put fiscal pressure on already strained public programs, forcing cuts to vital investments, and leave behind nearly 40 percent of children in working families from the Child Tax Credit expansion. Its tax cuts are focused on the very wealthiest, with the top 1 percent in Kentucky bringing in 40 percent of the value of the tax cuts by 2027, even while taxes would go up for more than 1 in 5 middle- and upper-middle income Kentuckians.¹ Top-heavy tax cuts don't spur the economy like targeted investments in programs such as the Supplemental Nutrition Assistance Program (SNAP).² Worse, \$1.5 trillion in tax cuts would jeopardize mandatory and discretionary programs vital to Kentucky's 3rd Congressional District, some of which are described below.

Tax Cut for Wealthiest 1 Percent Would Dwarf Cut to Bottom 60 Percent of Kentuckians, and Worsen Over Time

Share of Total Tax Cut in Kentucky in 2018 and 2027



Source: Analysis by the Institute on Taxation and Economic Policy.

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Medicaid

Medicaid is a cornerstone of our system of health care coverage, providing access to important preventative services, substance abuse treatment and care for chronic conditions, among other programs. In the 3rd Congressional District, a total of 223,490 people, including seniors, people with disabilities, children and low-income workers were covered through Medicaid in 2016.³ Medicaid also brings millions of federal dollars in the economy of every Kentucky community, resulting in jobs for nurses and other care providers.

SNAP food assistance

SNAP helps low-income Kentuckians afford basic food needs and boosts the economy during downturns when more people become eligible. In 2015 in Kentucky's 3rd Congressional District:

- 43,439 households were receiving SNAP food assistance in 2015.⁴
- 13,409 of these households had an elderly person.
- 20,274 of these households had a child under 18.
- 81 percent of SNAP families with 2 or more people had at least 1 person who worked during the year but still struggled to put food on the table.

Supplemental Security Income (SSI)

SSI provides income support for individuals who are disabled or elderly and have little income and few assets. It is a lifeline for very low-income families caring for children with severe disabilities — including Down syndrome, cerebral palsy, autism, intellectual disability, and blindness. SSI provides financial support to these families that, due to the demands of caring for a child with a disability, face higher costs and more demands on their time. Without SSI, many more Kentuckians with disabilities would be in poverty; the program has been shown to lift half of otherwise poor child beneficiaries out of poverty and reduce deep poverty. In December 2016, there were 24,959 SSI beneficiaries in the 3rd Congressional District who received \$14,364,000 in benefits, an average of \$575 per person for the month.⁵

Pell

The Pell Grant program provides financial assistance for low-income individuals to attend and complete college. By increasing access to education and training for those who would otherwise not be able to afford it, Pell also helps to address poverty. Pell Grant awards are already modest in comparison to the rising costs of college, and cuts would make higher education out of reach for more Kentuckians. In 2017, 20,537 students in Kentucky's 3rd Congressional District received a Pell Grant.⁶

EITC

The Earned Income Tax Credit (EITC) helps raise living standards for low- and moderate- income workers, and is a strong anti-poverty tool in Kentucky. The EITC lifts more people out of poverty than any other program besides Social Security. In tax year 2014, 67,630 tax filers in Kentucky's 3rd Congressional District received \$169 million in tax credits through the EITC, an average of \$2,328 per filer.⁷

HUD Housing Assistance

Programs administered through the Cabinet for Housing and Urban Development help keep a roof over the heads of 39,131 families in the 3rd district. These are programs like Section 8 vouchers, public housing, supportive housing for the elderly and people with disabilities and others.⁸

Non-Defense Discretionary

Federal Non-Defense Discretionary (NDD) funding made up 37 percent of Kentucky's state spending in 2016 (compared to 31 percent nationally). These grants are investments in critical programs that support vulnerable Kentuckians, and are currently funded at historically low levels. NDD funds in our state go to education programs such as Head Start, assistance for low-income kids and families such as the Child Care and Development Block Grant and provide a wide range of other services to Kentuckians that make our communities safer and healthier and develop the workforce and economy.

¹ Chuck Marr et al, "House Tax Bill's CTC Increase Excludes Thousands," November 2017, Center on Budget and Policy Priorities. Institute on Taxation and Economic Policy, "Richest American Benefit Most from Tax Cuts and Jobs Act," November 2017.

² Alan Blinder and Mark Zandi, "The Financial Crisis: Lessons for the Next One," October 2015, Center on Budget and Policy Priorities.

³ KCEP analysis of 2016 enrollment data from the Kentucky Cabinet for Health and Family Services.

⁴ Census Bureau, 2015 American Community Survey Published Tables.

⁵ Social Security Administration, December 2016, "Congressional Statistics," https://www.ssa.gov/policy/docs/factsheets/cong_stats/.

⁶ National Association of Independent Colleges and Universities, Federal Student Aid Data Sheets, <https://www.naicu.edu/policy-advocacy/federal-student-aid-data-sheets/kentucky>.

⁷ Data for tax credits is based on IRS administrative data compiled by the Brookings Metropolitan Policy Program.

⁸ Center on Budget and Policy Priorities analysis of Housing and Urban Development Cabinet data.