



Department of Justice, Peace and Human Development Office of Domestic Social Development

The Importance of the Social Safety Net February 2018

"We know how hard it is for our contemporary world to see poverty clearly for what it is. Yet in myriad ways poverty challenges us daily... Poverty has the face of women, men, and children exploited by base interests, crushed by the machinations of power and money. What a bitter and endless list we would have to compile were we to add the poverty born of social injustice, moral degeneration, the greed of a chosen few, and generalized indifference!"

-Message of Pope Francis at the First World Day of the Poor, November 19, 2017

BACKGROUND:

The U. S. Conference of Catholic Bishops strongly supports domestic assistance for poverty-reducing programs. In the wake of the passage of the recent tax reform bill out of Congress, the Congressional Budget Office (CBO) and the staff of the Joint Committee on Taxation determined it would increase deficits over the 2018-2027 period by \$1.5 trillion. It is likely that the increased deficit will be used to justify attempts to severely cut anti-poverty programs, even while spending on the military and immigration enforcement increases from previous years.

Health Care

Pressure created by the recent tax bill and appropriations process could trigger steep cuts to mandatory spending accounts. **Funding to support health care programs that are a key part of the social safety net for the poor and seniors is vital.** Currently, 44 million people – about 15% of the U.S. population – are enrolled in Medicare. That number is expected to rise to 79 million by 2030.

In the current political environment, attempts to make program cuts that will endanger the health care of millions enrolled in Medicare may be likely. This could result in cuts to Medicare by as much as \$410 billion over the next decade. Moreover, health care reform efforts in 2017 featured attempts to restructure Medicaid with a so-called "per capita cap" that would defund the program by hundreds of billions of dollars over 10 years. The Congressional Budget Office estimated that the health care bill that passed the House, the American Health Care Act, would have resulted in \$880 billion in cuts to Medicaid over the next ten years. The Senate version of the bill, the Better Care Reconciliation Act, had it passed, would have included over \$770 billion in cuts to Medicaid, according to the CBO. Similar efforts are possible as a response to rising deficits.

Hunger and Nutrition

An inability to access healthy and affordable food is a problem that affects millions of Americans. Many families rely on programs such as ***the Supplemental Nutrition Assistance Program (SNAP) and The Emergency Food Assistance Program (TEFAP)***. These lifelines support those who suffer from hunger in its many forms. As changes to food and agricultural policy are considered, it is essential for Congress to protect these individuals by providing adequate funding for these and similar programs, especially during this year's reauthorization of the Farm Bill.

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It must not be forgotten that healthy food is contingent upon farmers and ecological health. ***Funding for the U.S. Department of Agriculture (USDA)*** allows for programs that place staff in rural communities to help farmers diversify crops, get access to new markets, and receive assistance on technical issues. The Commodity Title serves as another mechanism of support for farmers, providing a safety net for farmers who experience financial struggles. Additionally, there are several federal programs that reward and encourage the good stewardship of natural resources and implicitly promote the vision of gift and reciprocity inherent in agriculture. ***The Environmental Quality Incentives Program (EQIP), the Regional Conservation Partnership Program (RCPP), the Conservation Reserve Program (CRP) and Agriculture Conservation Easement Program (ACEP)*** are a few of the important programs that protect the ecological health for the benefit of food production.

Affordable Housing

The country is in an affordable housing crisis. New affordable housing units are in short supply, and low-income tenants face barriers to access and benefit greatly from rental assistance.

Low-Income Housing Tax Credits (LIHTCs) finance most new affordable housing projects in the US. LIHTCs are given to qualifying developers of affordable housing, who then sell the credits to investors. The investors claim the tax credits on their own taxes. In many places, LIHTC's are an effective public/private model for the sake of those who struggle to find adequate housing.

However, the tax reform bill indirectly decreased the value of these credits when it cut the corporate tax rate from 35% to 21%. Now, there is less incentive for investors to purchase these tax credits, because their new corporate tax rate will be much lower. Without adjustment, this could mean that developers of affordable housing will no longer be able to get adequate financing to build new homes, further exacerbating the shortage of affordable housing units. **Increasing the value of housing tax credits and protecting tenant-based rental assistance is essential.**

USCCB POSITION:

The United States Conference of Catholic Bishops urges the preservation of funding for the social safety net, especially in areas of health care, hunger and nutrition, and affordable housing.

Congress should:

- **ensure adequate funding for programs that currently ensure health care coverage for millions;**
- **preserve funding for vital nutrition programs that alleviate hunger; and**
- **take steps to safeguard low-income housing options relied upon by millions.**

RESOURCES: Visit: <http://www.usccb.org/about/domestic-social-development/index.cfm> .

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