

March 10, 2008

Re: Testimony Regarding Budget Articles, House Finance Committee

*“When we tug on a single thing in nature,
we find it attached to everything else.”*

John Muir

“Why has government been instituted at all?”

*“Because the passions of men will not conform to
the dictates of reason and justice, without constraint.”*

Alexander Hamilton (1788)

Due to the complex nature of this written testimony, the format is split into sections with bullets pertaining to each section. When reading this document, please do so in the context of the quotes above.

OVERVIEW:

The following are a few of the factors why, in our opinion, Rhode Island faces a structural deficit.

- Antiquated sales tax system designed in the 1930s.
- Recent tax changes to our tax structure affecting more wealthy Rhode Islanders.
- Un-monitored Tax Expenditures. (A NASW - RI look at the Structural Deficit and Tax Expenditures may be found at www.rinasw.info. Go to *“The Modern Story of Three Billy Goats Gruff or How Rhode Island Got It’s Structural Deficit”* and *Rhode Islands Hidden Budget: A Game of Hide& Seek:* ”. Both of these are presented in a “fractured fairy tale” format.)
- Transfer of social service cost from the federal government to the states.
- Costs associated with the Iraq War (No president ever has funded a war without tax increases until our current, President George W. Bush, who has actually provided tax cuts to America’s wealthiest individuals. The question at hand is how has the War been paid for? One day of the Iraq War could fund: 423,529 Children with Healthcare and 95,364 Children in Head Start, etc.
- **Rhode Island has a heavy reliance on the Healthcare and Social Service Industries to provide well paying jobs with benefits. Cuts already enacted have contributed to Rhode Island’s impending recession. Further cuts will most likely push Rhode Island into a recession due to loss of jobs and loss of federal funds.**

ARTICLE 16: Rhode Island Work First Program

This article appears to have two major objectives. The first is to redesign the current program known as the Family Independence Program. The second is to save money in the '09 budget. **We are adamantly opposed to the first objective and we think the second objective will actually contribute significantly in a negative way to Rhode Island's impending recession, therefore having the opposite effect intended.** Following are bullets based in extensive research, professional experiences, and values that promote equality and economic justice.

The Work Force Program, as was its predecessor the Family Independence Program, is based on the false assumption that independence is possible. We accept this construct without question. In reality no one is independent. We are all intra-dependant. The wealthy rely on the middle class and the poor to buy goods and pay for services. The poor depend on the middle and upper class to fund critical programs that are part of the dwindling social safety net that Thomas Paine first envisioned in 1792 when he called for: The creation of a "social safety net" that would protect families through old age pensions, family allowances, employment security and education.

The big question here is: If this article get' enacted to its fullest extent, how will affected young mothers survive? Due to an horrendous economy, high energy prices, exorbitant transportation cost, horrible healthcare options for the uninsured, lack of quality child care options, high cost housing and much more, what will happen to them?

Below are factors related to our opposition to Budget Article 16 made in the context of the statements and questions above.

- As you are aware, most support programs are means tested using the Federal Poverty Index. The original Federal Property Index was developed in 1955 by using the cost of an emergency food diet for a family of three. Although the index has been adjusted several times to account for inflation, the buying power has been drastically eroded. This is because the cost of food has decreased after being adjusted for inflation while the cost of all other basic needs has increased dramatically. The false assumption that the poverty index is a living wage, regardless of the amount of government, is a very dangerous assumption. I know that the Committee knows this, but proposals in Article 16 seem to contradict our knowledge of the poverty index and what it is for.
- In 2007, Rhode Island jobs declined 7,200. Withdrawing critical support at this time is setting welfare recipients up for almost certain failure in the highly competitive job market in Rhode Island.
- Out of 801 (RI Department of Labor and Training) job classifications in Rhode Island, only 18% of jobs can be obtained with minimal training ranging from two days to two years. The better paying jobs requires a substantial amount of training hours each week such as college, technical facilities or apprenticeships. Better paying jobs also require more specific and specialized training. In the world of work the term used to describe training needs is called General Education Preparation (GEP). For jobs that would fit under the training auspices of the proposed RI Work First Program, the starting wage ranges from \$17,500 to \$30,400 and many do not include health benefits, or the benefits are unaffordable. Jobs at \$22,000 or higher most likely require a GEP of two years or more. (The average wage for these jobs is \$22,227 even if such jobs are available, they can not support a family of three.)
- Many of the work experiences identified in the DHS plan, will provide good general work skills, but will fall short of the specific training requirements for jobs in the \$22,000 - \$30,000 level.
- Half of the job openings in 2007 were less than \$11 an hour, or less than \$22,800 per year.
- Many younger recipients do not have a high school diploma or related work experience that many

quality jobs require. In 2007, over 60% of all openings required related work experience as a prerequisite.

- Over 25% of job openings last year did not offer health insurance. This means that if the participant no longer meets the requirements of RItE Care or cannot afford increased premiums in the RItE Share program, they will be without any healthcare and at high risk for losing their jobs due to poor health of themselves or their families.
- This plan relies heavily on the use of public transportation. However, many better paying jobs do not align with public transportation routes whose core services are along urban roads.

ARTICLE 17: Medicaid Reform Act

NASW-RI strongly opposes Article 17 because the changes would not only hurt vulnerable and oppressed residents, but also the reductions in Rhode Island's Medicaid benefits will ultimately be detrimental to all of Rhode Island contributing to its recession. The combined impact of proposals in Article 17, will hurt working families the most. In many cases, the working poor are employed in companies which give employees very little sick time off. Missing work due inadequate and ineffective healthcare results in jobs loss. Below are bullets that pertain to the proposed Medicaid reforms in Article 17.

- In 2003, Rhode Island had a 10.6% uninsured rate compared to the national rate of 15.4%. Rhode Island fared much better in 13 key health indicators compared to the United States as a whole, because of better health insurance coverage. Two of the most striking indicators were, Average Hospital Days and Emergency Room Visits. In 2003, Rhode Island had 297 Hospital Days per 1000 residents compared to the U.S. 356. In emergency room visits in 2003, Rhode Island had 577 per 1000 residents compared to the U.S. 590. These figures represent significant savings. For every percentage point of uninsured Rhode Islanders, these figures will rise significantly and quality of healthcare will lower significantly.
- Thousands of Rhode Islanders will lose their primary healthcare, which will result in poorer educational outcomes for children, loss of jobs for adults, and will drastically impact nuclear families and will result in loss of hope. You can not work effectively, care for your family, learn in school, and care for your household if you are sick! All areas of function are affected.
- The estimated savings in Medicaid funds proposed in the '09 budget is \$29.5 million. \$12.8 million are state funds and \$16.7 million are federal funds. The loss to our local economy does not seem to justify the changes being recommended and certainly the human pain that will result in the "Medicaid Reform" Article are not justified.

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