

Justice Partnership



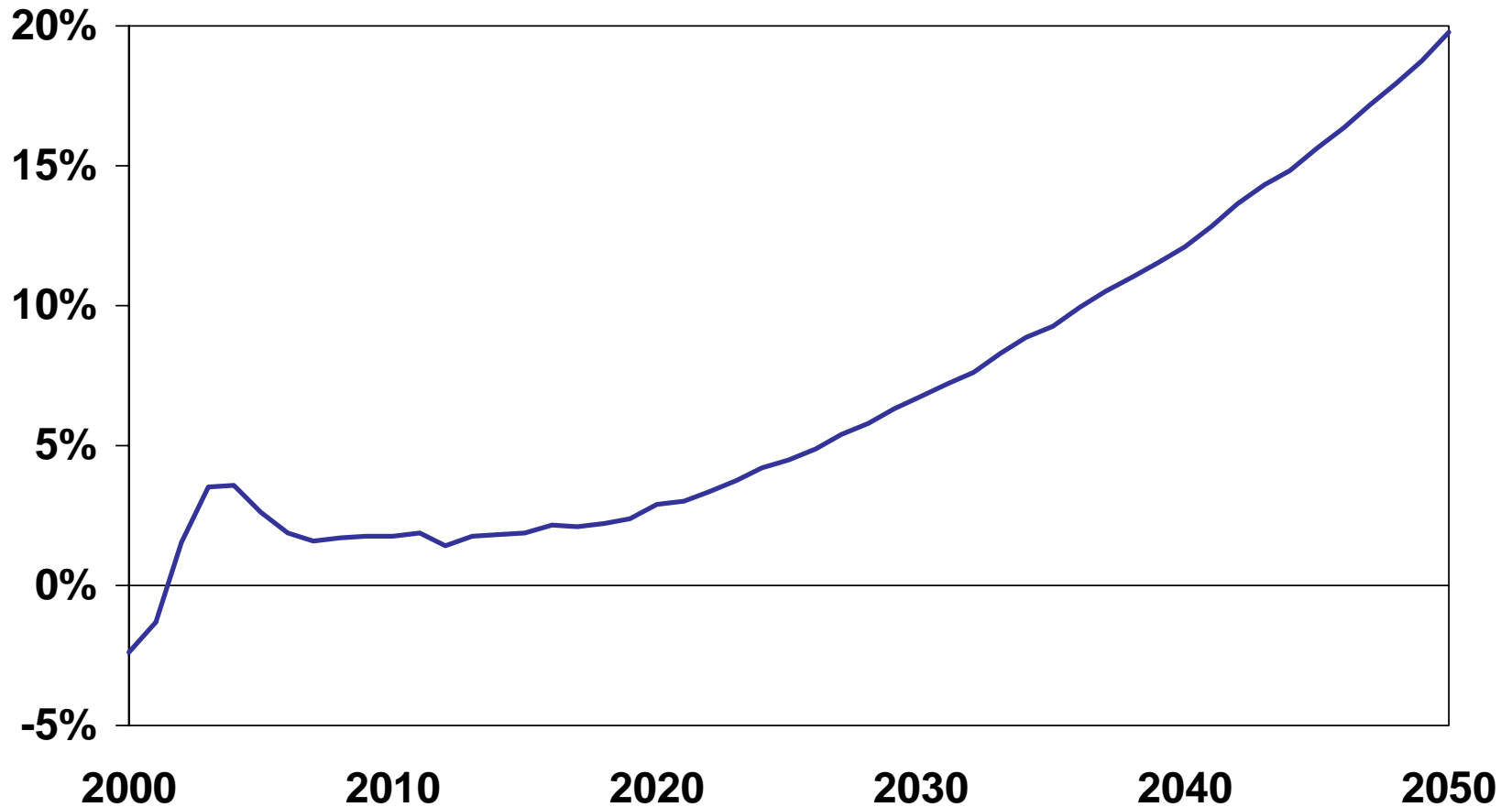
Forgotten Americans: The Future of Support for Low- Income Older Adults

Robert Greenstein
Center on Budget and Policy Priorities

October 19, 2007

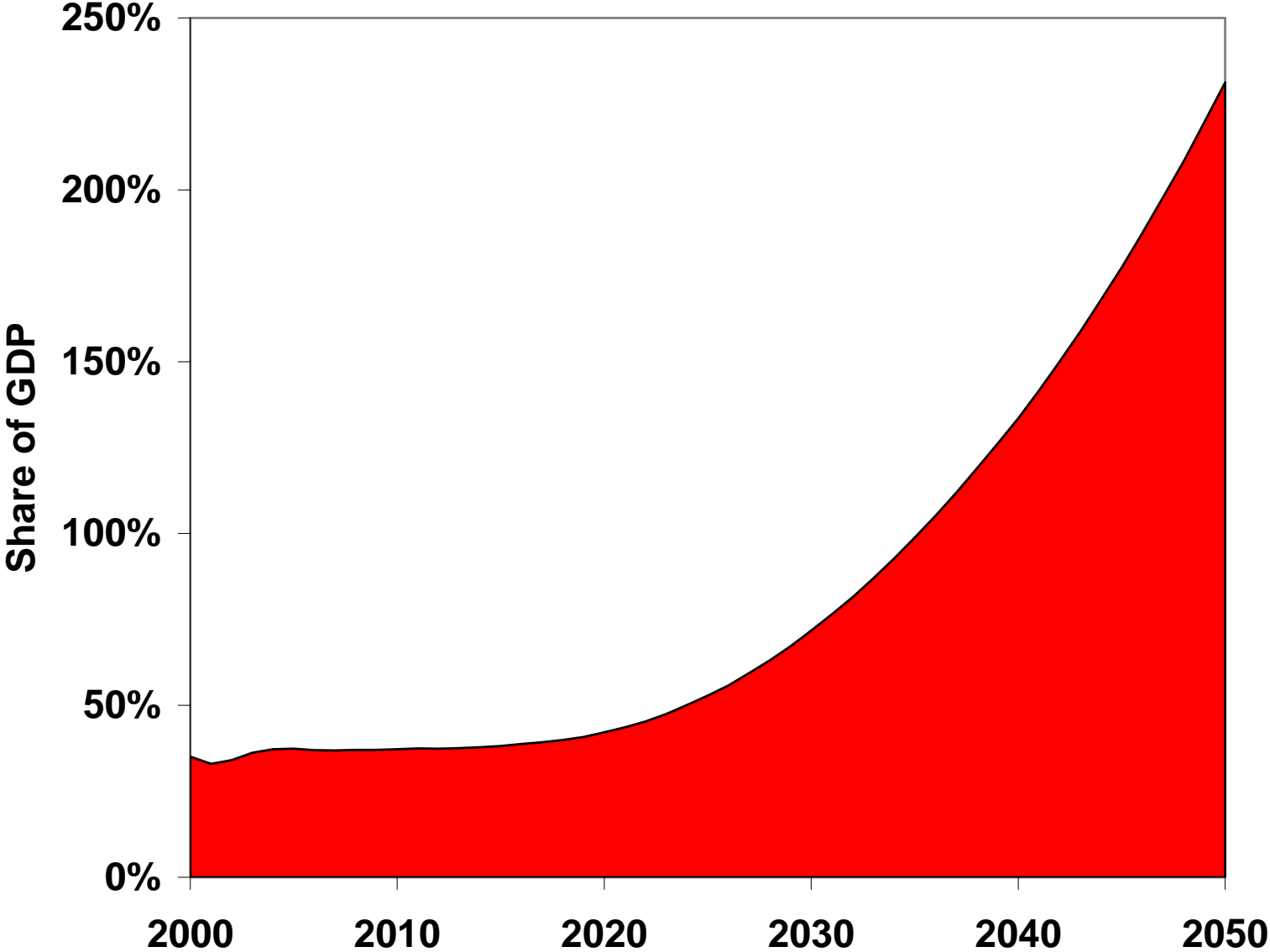
Under Current Policy, Deficits Will Grow Dramatically Larger in Coming Decades

Deficit (+) or Surplus (-) as Share of GDP

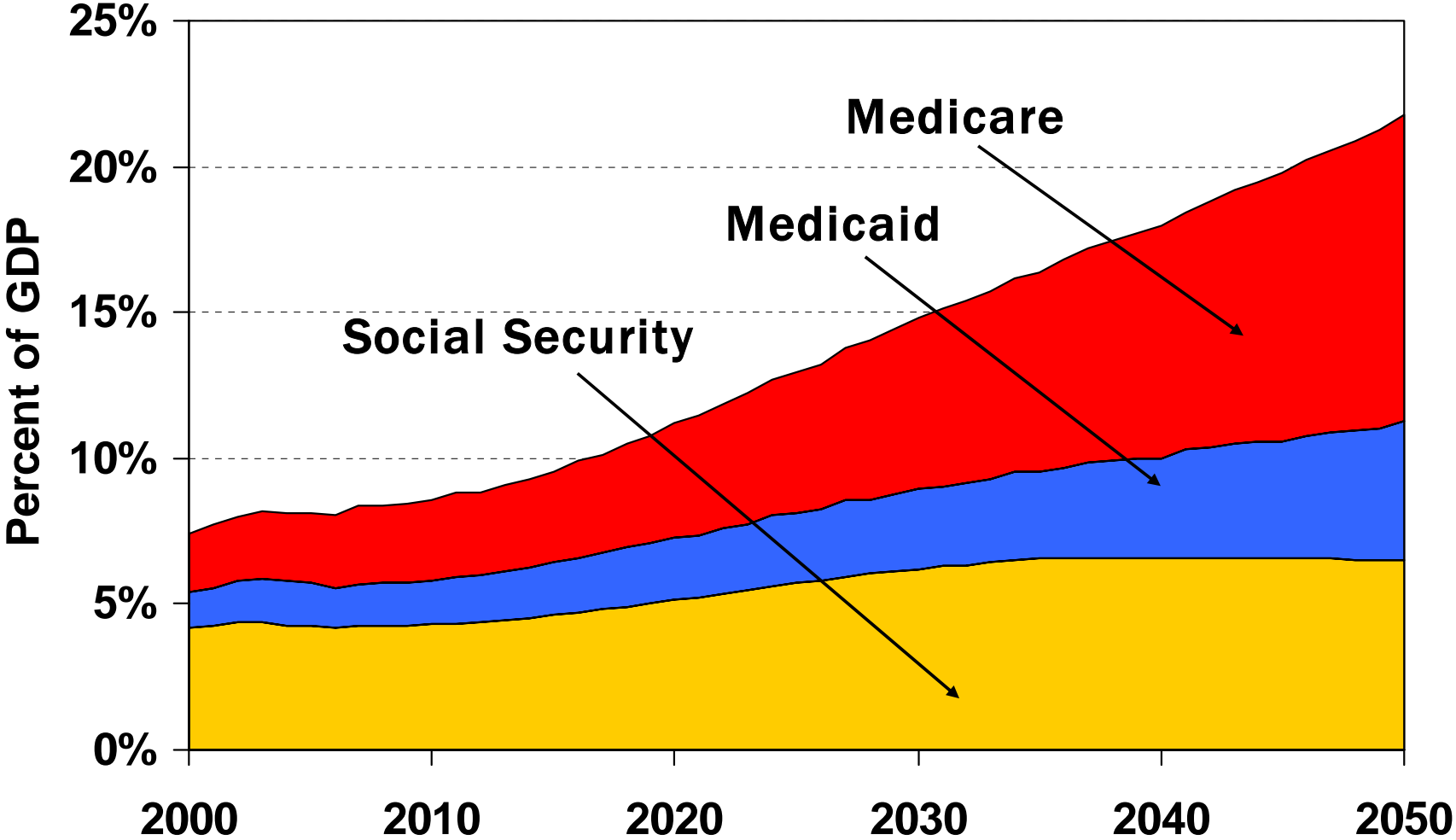


Source: CBPP projections based on CBO data.

National Debt will Exceed 200% of GDP by 2050

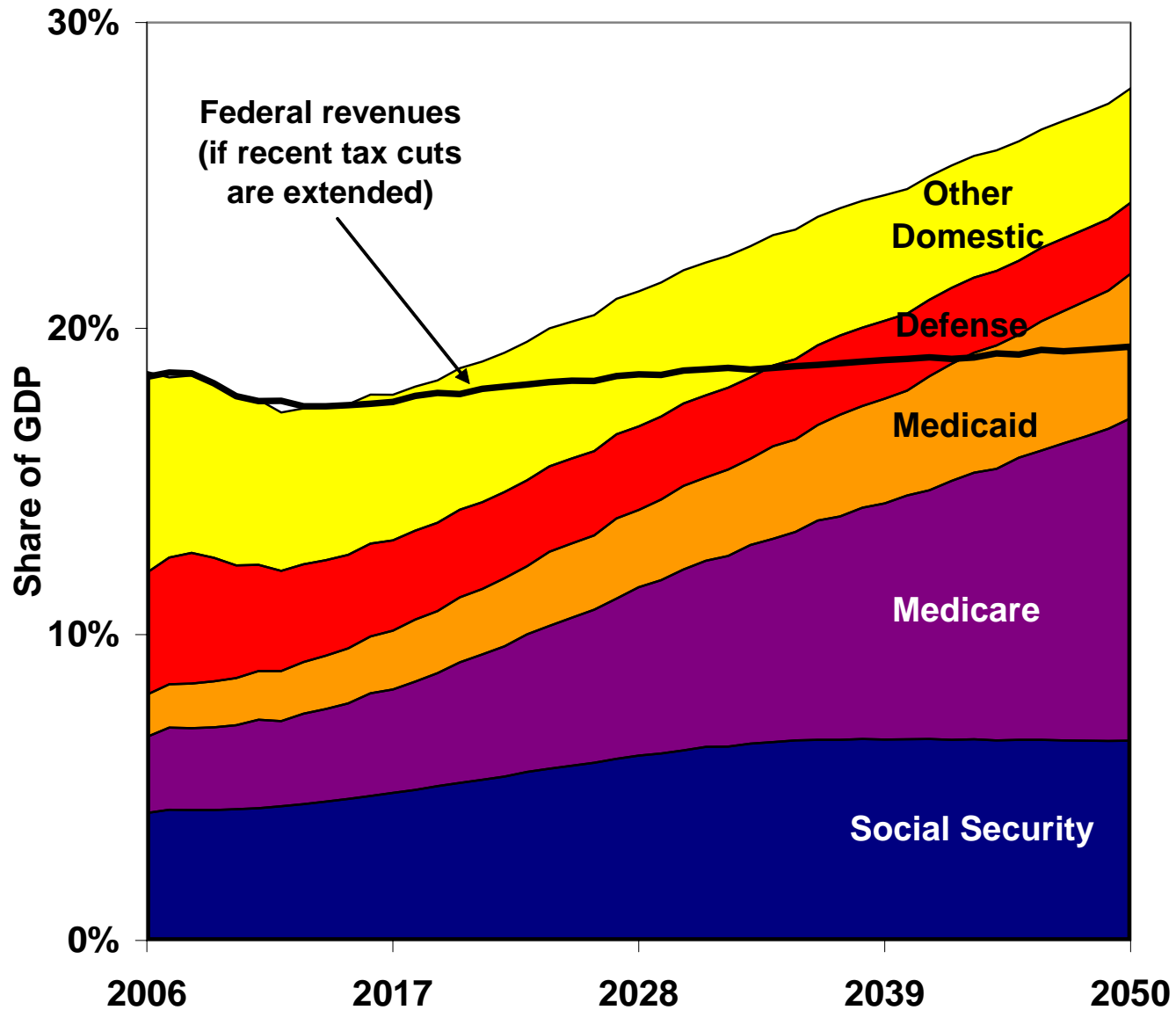


Medicare, Medicaid, and Social Security Expected to Rise Rapidly

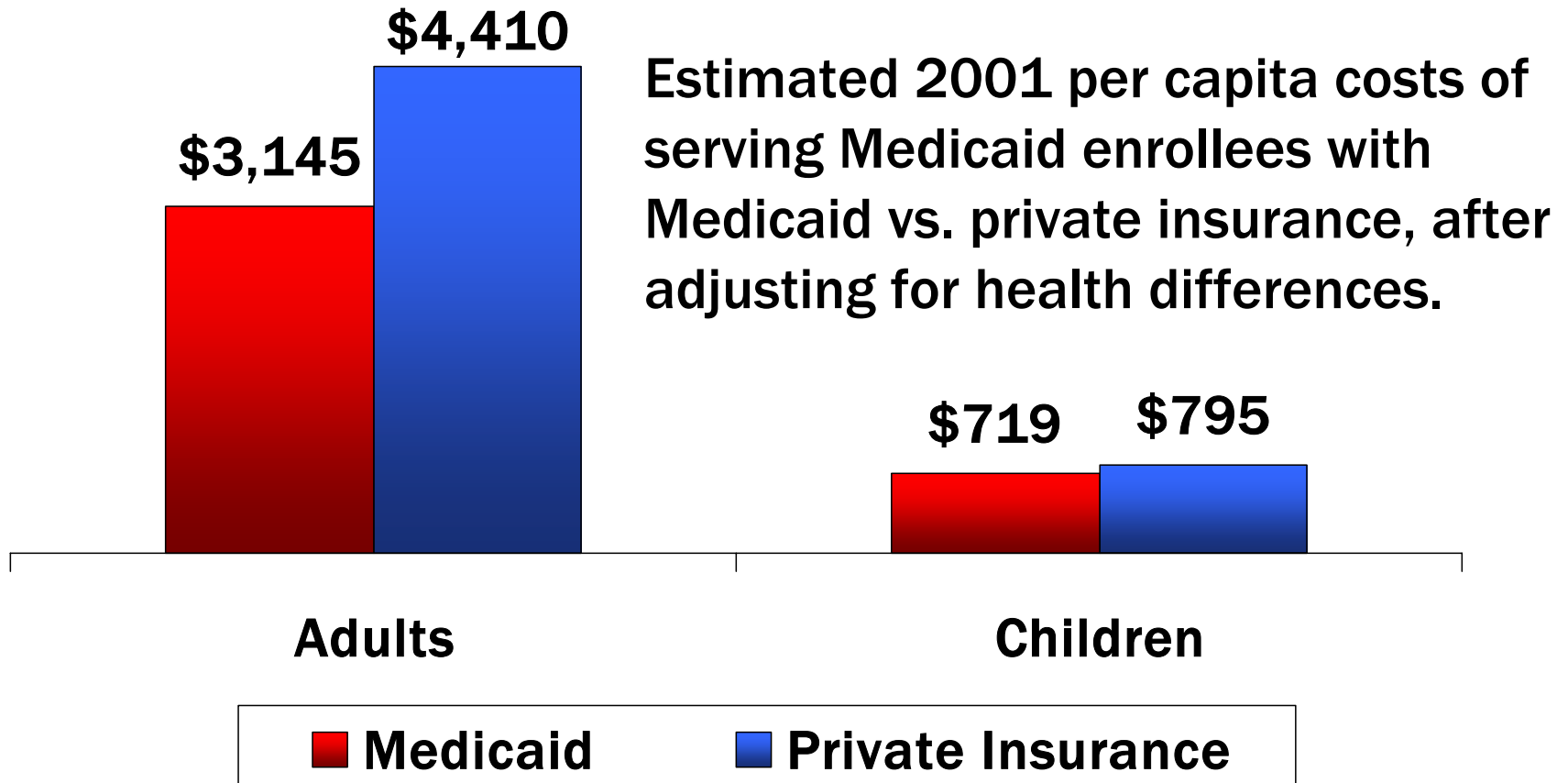


Source: CBPP projections based on Congressional Budget Office data.

The Current Path of Federal Revenues and Program Spending is Unsustainable

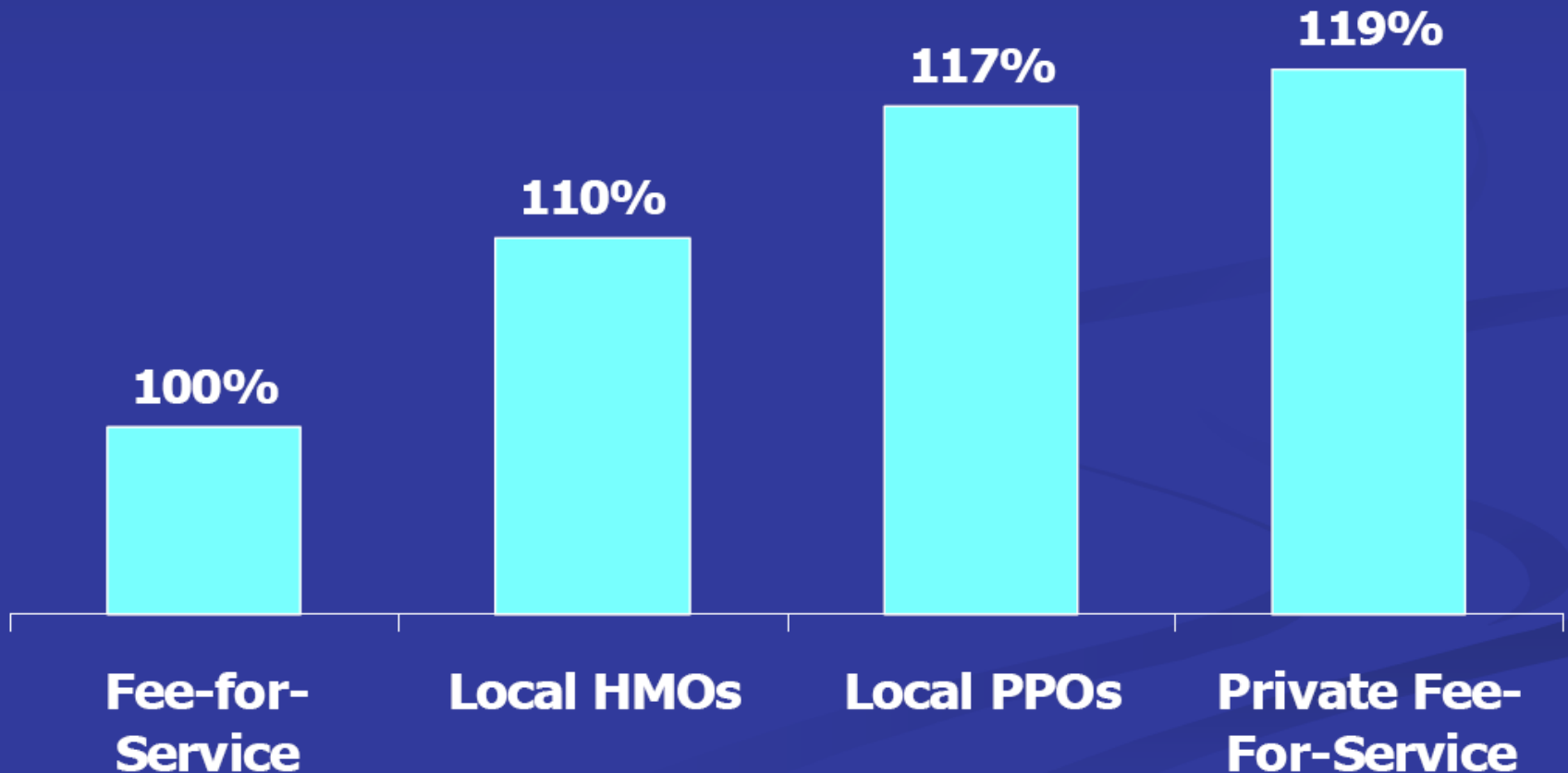


Medicaid Costs Less Than Private Health Insurance

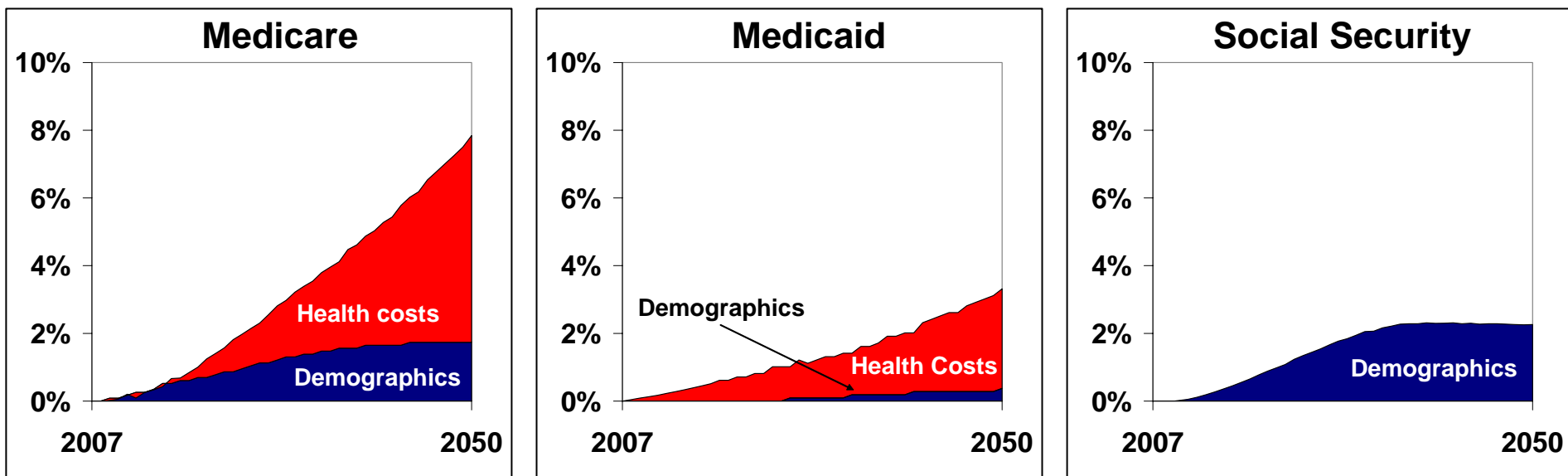


Payments to Medicare Advantage Plans as a Share of Medicare Fee-for-Service Costs, 2006

Average for all MA plans =
112% of FFS Costs



Sources of Cost Growth in the “Big Three” as a Share of GDP

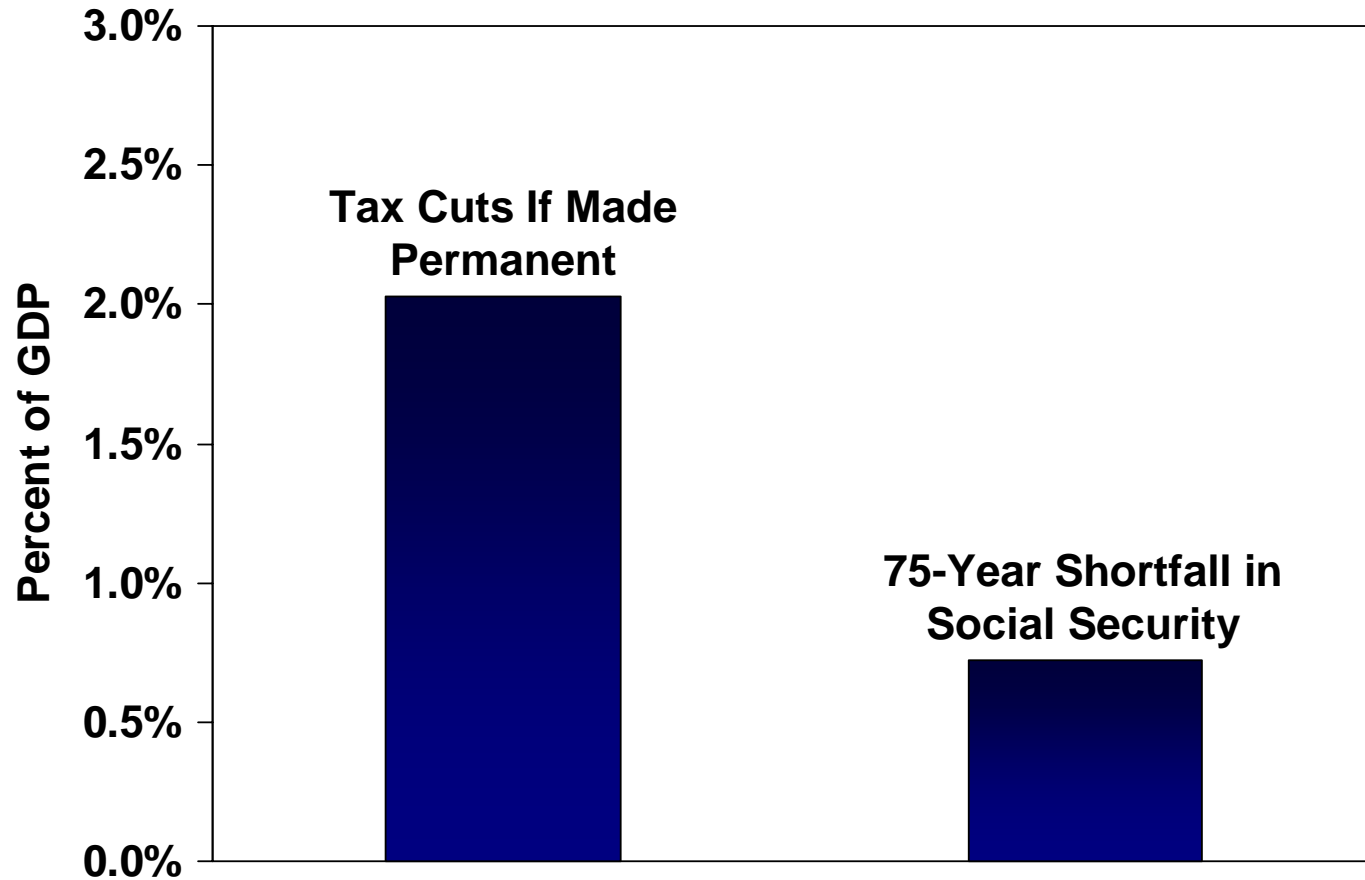


Source: CBPP calculations based on CBO data.

Note: “Demographics” denotes the program growth that would occur solely due to demographic changes if per-beneficiary health costs merely rose with per-person GDP. “Health costs” denotes the additional growth due to the fact that per-beneficiary health costs are growing faster than per-person GDP.

Cost of Tax Cuts If Made Permanent Is About Three Times the Size of the Social Security Shortfall

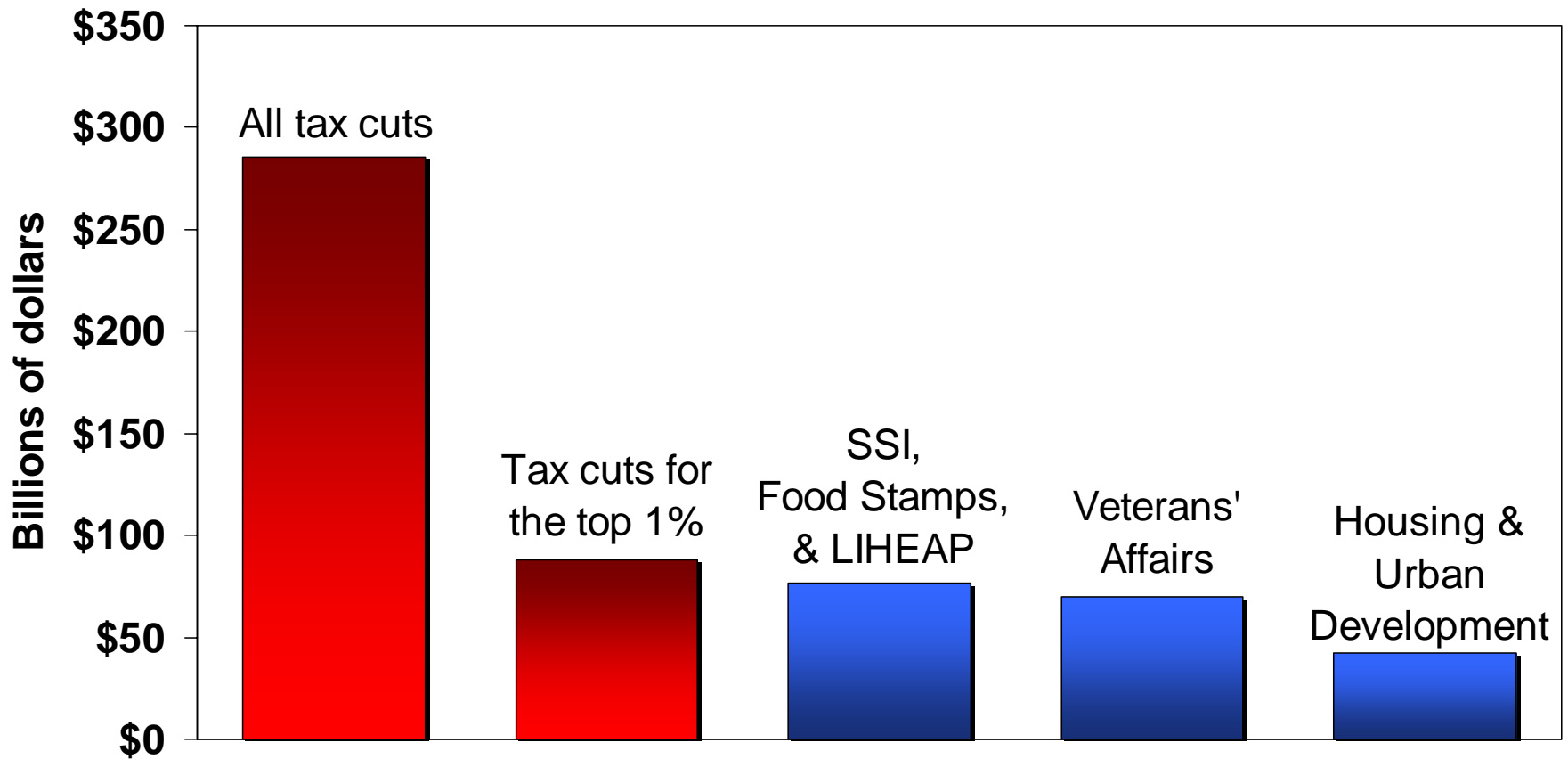
75-Year Cost



Source: Social Security Trustees' estimate of the Social Security shortfall. CBPP calculation of tax cuts costs based on Joint Committee on Taxation, CBO, and Urban-Brookings Tax Policy Center data.

Tax Cuts Cost More Than Most Agency Budgets and Many Important Programs

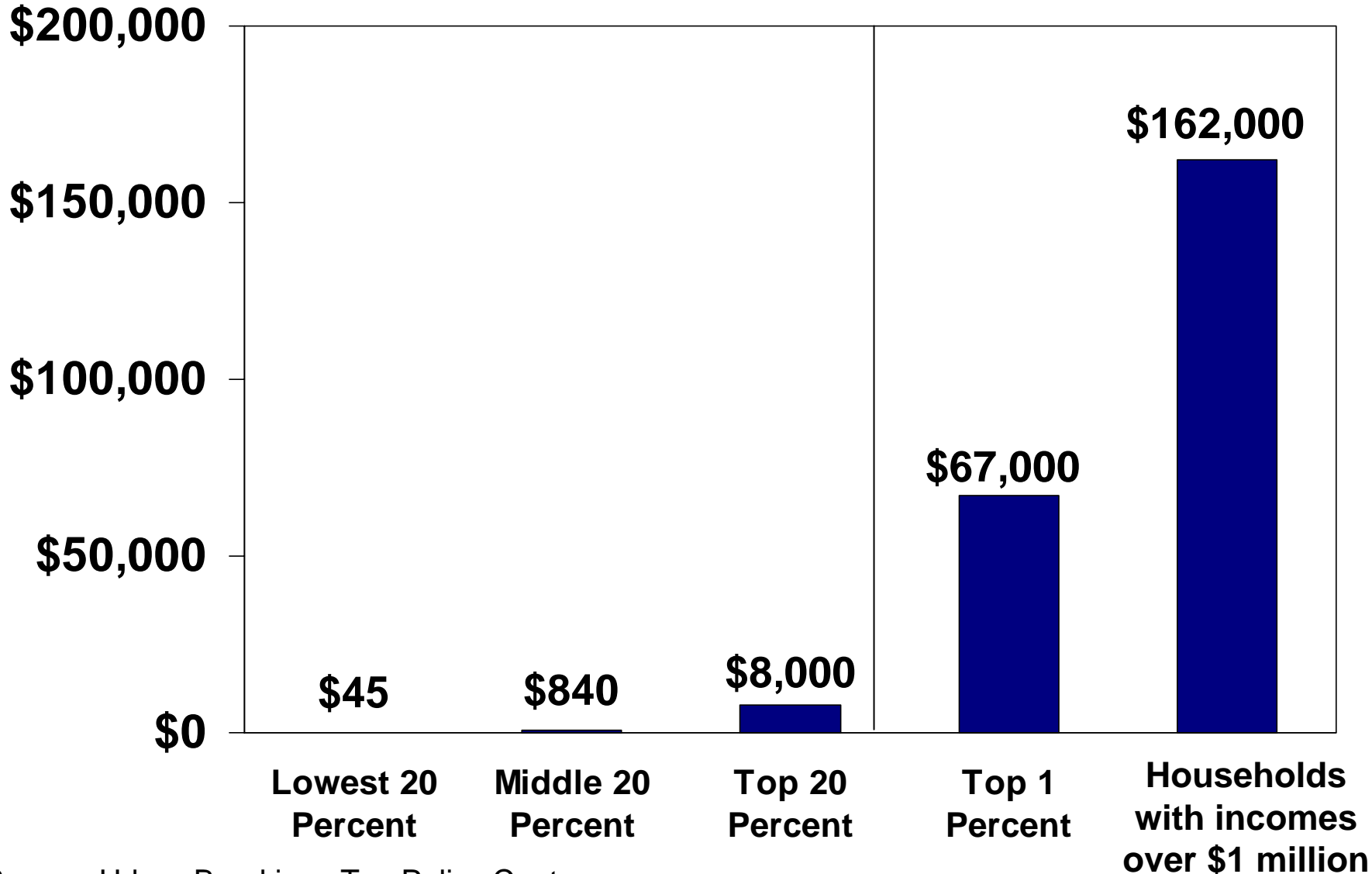
2006 Budgets, Tax Cuts if Fully in Effect in 2006



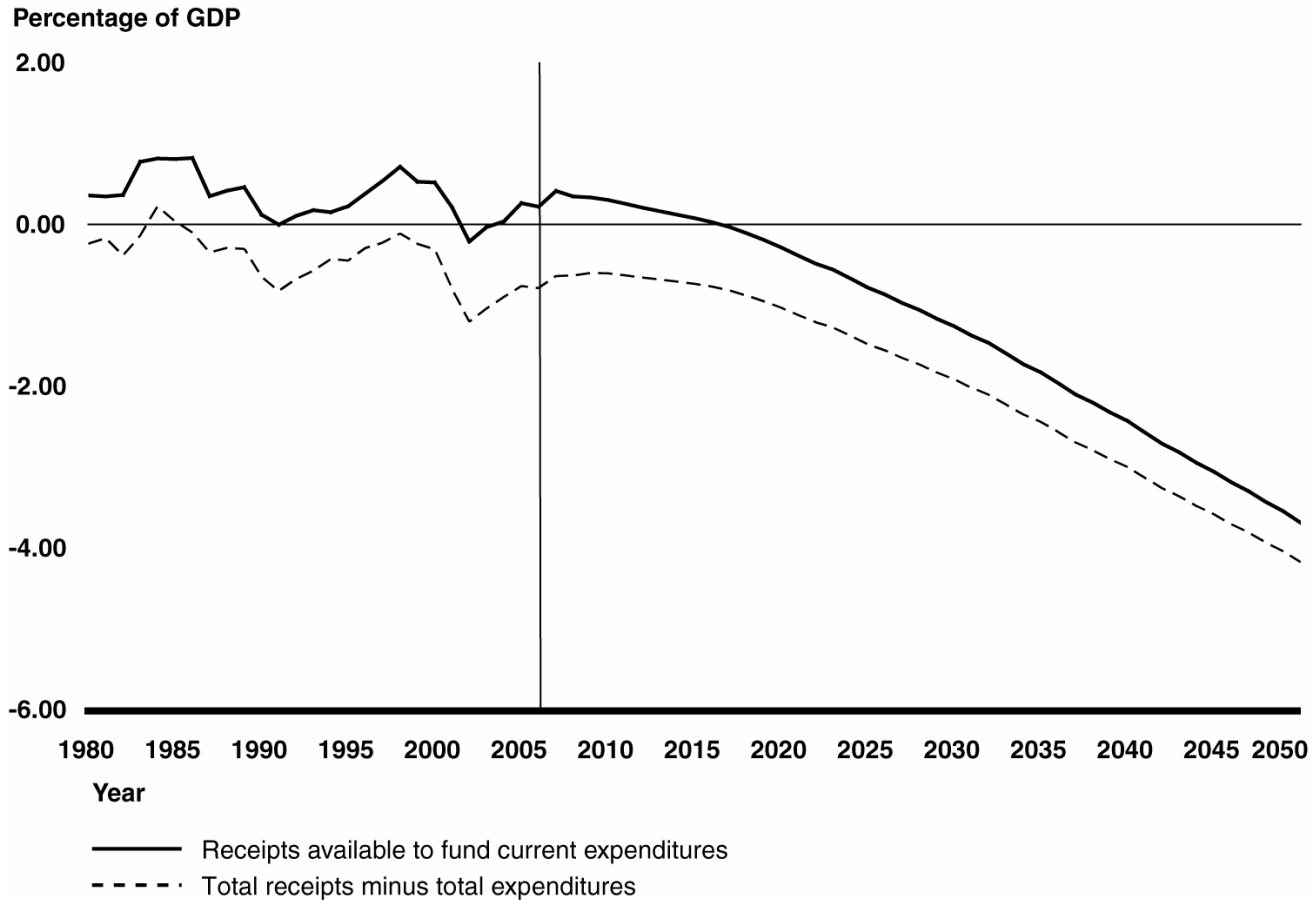
Source: CBPP calculations based on Office of Management and Budget, Congressional Budget Office, Joint Committee on Taxation, and Urban-Brookings Tax Policy Center data.

AVERAGE VALUE IN 2012 OF TAX CUTS ENACTED SINCE 2001

(for households at different income levels)



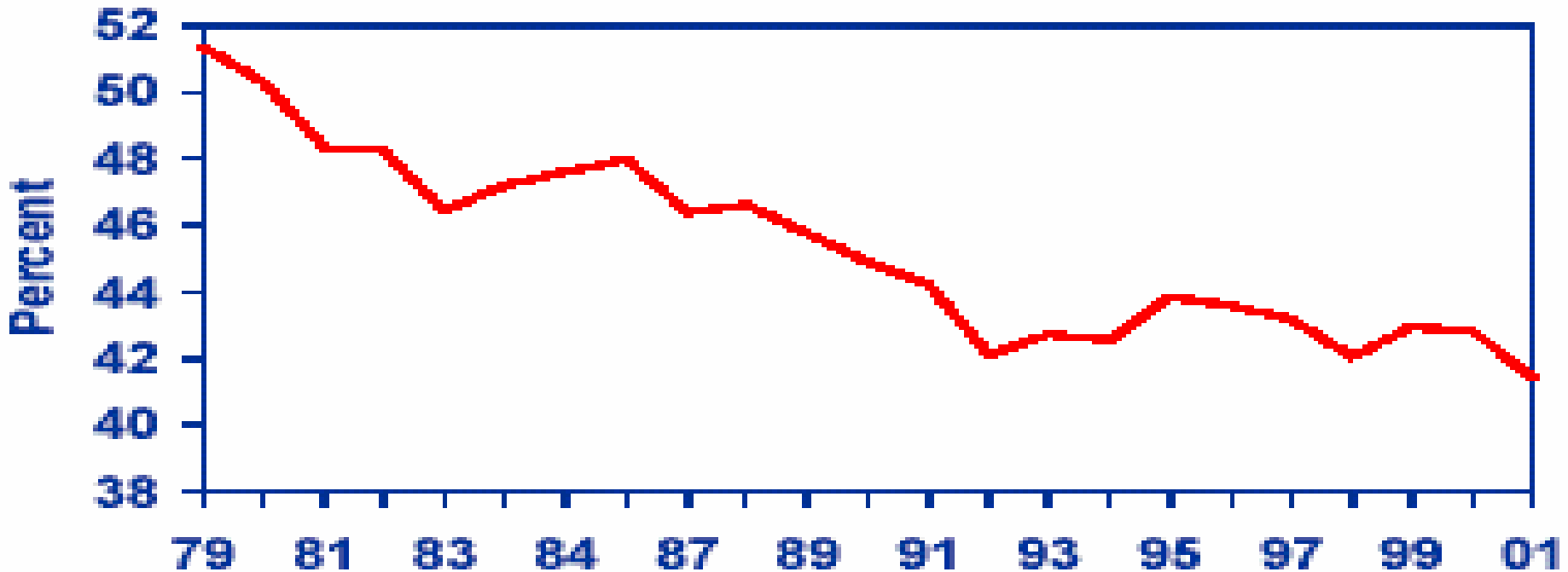
GAO Projection of State/Local Deficits



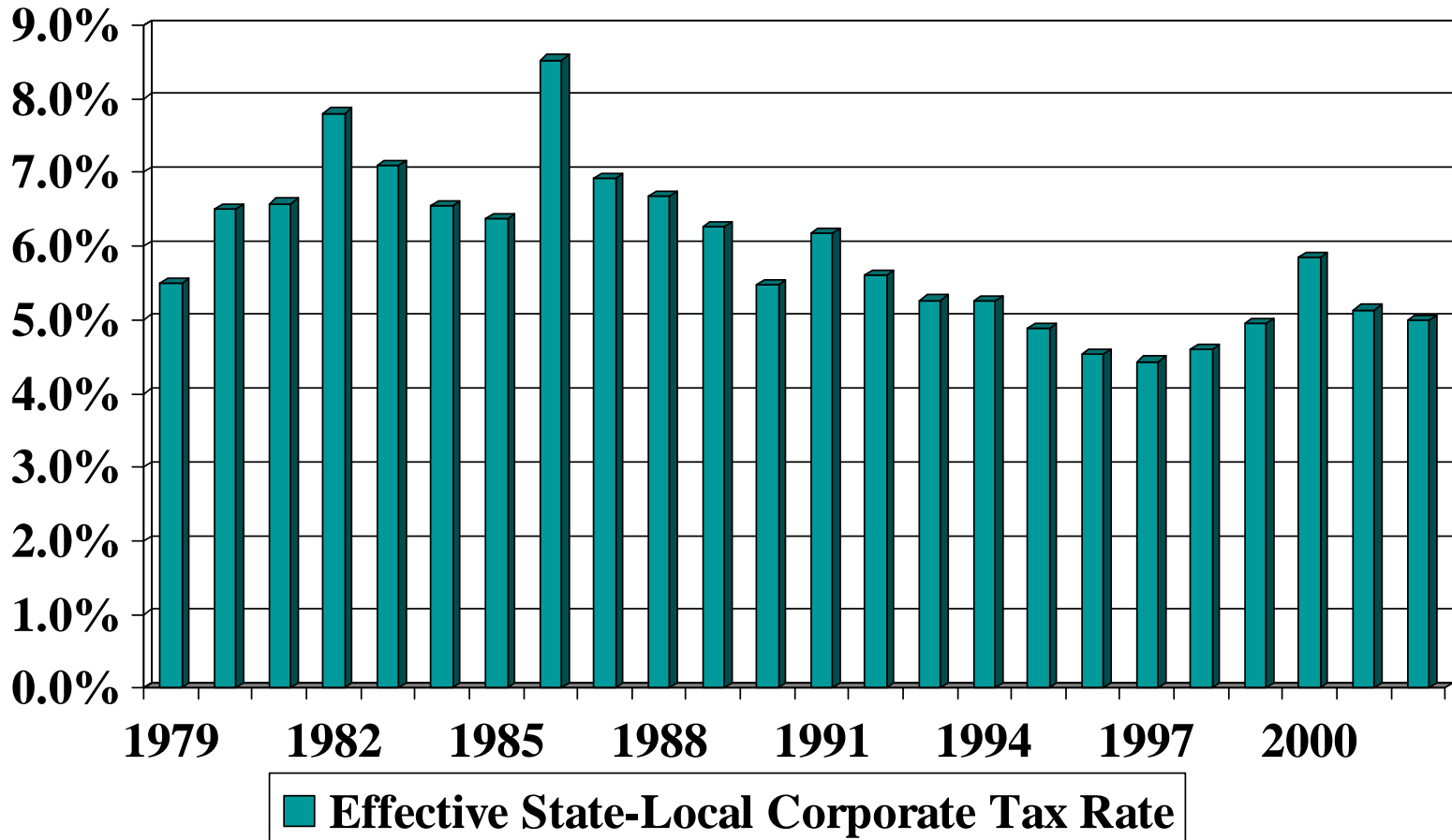
Source: GAO analysis.

The Sales Tax Base Has Eroded

Sales Tax Base as a Percent of Personal Income, 1979-2001



Corporations Increasingly Avoid State Taxes



Source: Steve Maguire, Congr. Research Service, "Average Effective Corporate Tax Rates: 1959 to 2002,"

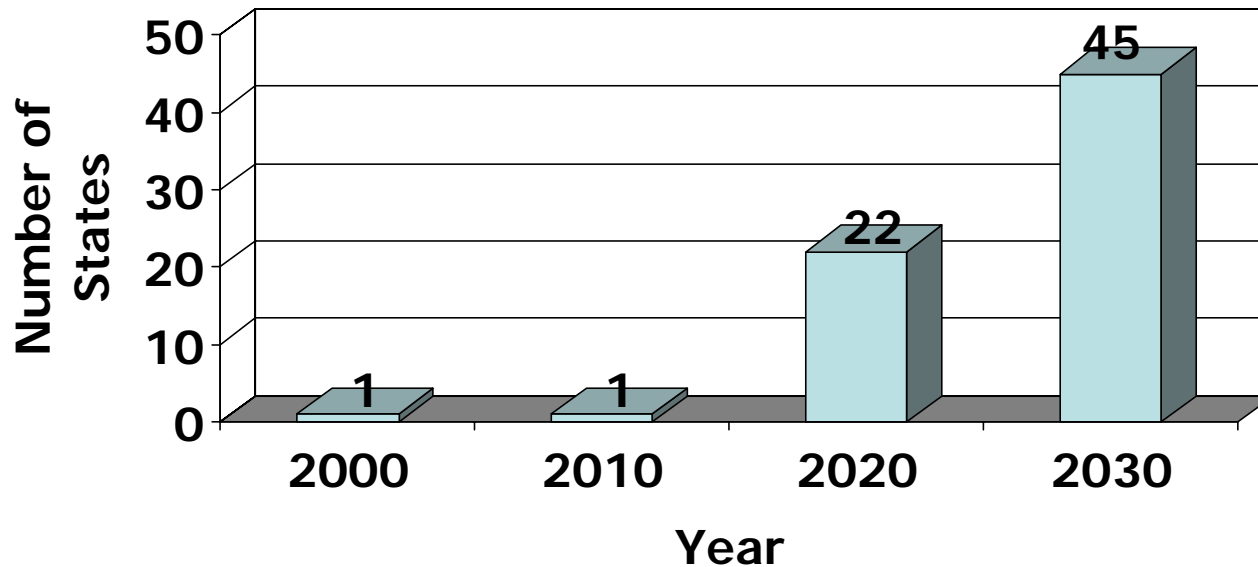
Updated September 5, 2003.

Most States Offer Non-Means-Tested Breaks to the Elderly

- **26 states completely exempt Social Security income**
- **Pension income is fully or partially exempt in 30 states**
- **Four out of five states give additional personal exemptions or credits based on age**
- **Also, many states assist local governments with the costs of age-based property tax reduction programs**

Cost of Senior Tax Breaks Will Grow

States where seniors are more than 17 percent of population



Four Key Numbers on Climate Policy, Low-Income Families, and the Budget

\$750-1,000 per year

Average increase in household costs for poorest 20 percent of population (with a 15 percent emissions reduction)

\$50-300 billion per year

Resources potentially generated by climate policies by 2020

Approx. 14%

Share of resources needed to hold low-income consumers harmless

Less than 15%

Share of resources needed to compensate companies for losses