



The Federal Budget and Gay and Transgender Families

Not All Families Are Equal Under the Law

Crosby Burns April 2012

Strengthening the economic security of American families remains a key policy priority for decreasing poverty, reducing inequality, and growing our economy through a sustained and supported middle class. Not all families, however, are equal under the law.

Unfortunately, many government-sponsored programs treat gay¹ and transgender families differently than their straight and nontransgender counterparts. Due to narrow definitions of who constitutes a “family,” many of the more than 2 million children living with gay and transgender families do not have the same access to the economic safeguards afforded to other children in the United States today.

Moreover, this discrimination in government programs exacerbates the economic insecurities created by the high rates of discrimination facing the gay and transgender population. Discrimination in health care, housing, and the workplace leaves far too many gay and transgender families without health insurance, affordable housing, and a job to make ends meet.

With inequitable access to safety net programs and with persistent and pervasive discrimination, it is no wonder that gay and transgender families have a lower household income, are more likely to find themselves in poverty, and are more likely to be uninsured than their straight and nontransgender counterparts.

No child should go hungry, uninsured, or homeless in the United States, regardless of the sexual orientation or gender identity of their parent. Still, gay and transgender families are among some of the most economically vulnerable in the United States. These American families need more economic support from social safety net programs and government tax breaks, not less. This is why the annual budget-making process is so crucial to the health, wellness, and economic livelihood of gay and transgender families.

Just last week, though, House Republicans passed House Budget Committee Chairman Paul Ryan's (R-WI) proposed budget, which would shred the safety net to tatters. Rep. Ryan's budget calls for an astounding \$5.3 trillion in spending cuts over the next 10 years, 62 percent of which come from low-income programs. Meanwhile, this same budget would give an additional \$265,000 in tax cuts to the wealthy on top of the Bush tax cuts, as well as maintain and even expand tax breaks for corporations, the ultra-rich, and oil companies. In aggregate, these tax expenditures for the top 1 percent will cost Americans an astounding \$10 trillion over the next decade.

Put bluntly, the Ryan budget is a disaster for gay and transgender families. These families need a budget that helps them meet their financial needs, not a budget that worsens an already precarious situation. Going forward, lawmakers should use their power of the purse to make sure that no family falls through the cracks during hard economic times, including gay and transgender families.

This issue brief examines three areas of the budget that are crucial to household economic security—public health insurance for low-income families, food and nutrition assistance, and financial aid for higher education. In each of these areas, lawmakers can either maintain and strengthen the safety net or slash and burn the programs that gay and transgender families rely upon to stay afloat and thrive.

Before we examine these three issue areas, let us first take a closer look at the state of gay and transgender families in the United States today.

The state of gay and transgender families

According to the foundational report—“All Children Matter: How Legal and Social Inequalities Hurt LGBT Families”—somewhere between 2 million and 2.8 million children today are living with gay or transgender parents in 96 percent of all U.S. counties. Same-sex couples in the South are more likely to be raising children than those in other regions of the country. These families are also more racially and ethnically diverse than married opposite-sex couples raising children, according to the report.

Research and data from this report show that gay and transgender families are among some of the most economically vulnerable in the United States. Why are these families especially vulnerable?

First, many of the economic programs aimed at bolstering household economic security treat families that are headed by gay or transgender parents differently than families headed by straight and nontransgender parents. While some government programs are fully inclusive of gay and transgender families (accidentally, not by design), others use a narrow definition of the family that discounts the existence of same-sex partners and children, essentially masking the true economic realities of these families when calculat-

ing household size and income. This results in both inequitable treatment under government safety net programs and imposes a higher tax burden on same-sex couples.

In short, discriminatory treatment under the law creates a two-tiered system of social safety net programs—one for children with straight and nontransgender parents and another for children with gay or transgender parents.

Moreover, gay and transgender people continue to experience widespread discrimination in nearly all areas of life. Recent research shows that this population continues to experience high rates of discrimination in housing, in the workplace, in health care, and in areas of public accommodation. Pervasive stigma and discrimination harms the socioeconomic status of these families by denying them equal access to health care, denying parents a steady income, and denying families affordable housing when they would otherwise qualify for it.

What results are socioeconomic inequalities that hurt children with parents who are gay or transgender. Contrary to common stereotypes, children raised by same-sex couples are twice as likely to live in poverty as children being raised by married heterosexual parents. Similarly, families headed by opposite-sex couples make on average \$15,000 per year more than families headed by same-sex couples. These economic disparities are especially acute for gay and transgender people of color raising children.

In light of these realities, now is not the time to diminish access to economic safeguards and supports like safety net programs and family tax breaks. We must equalize and expand them, not further limit them for gay and transgender families.

Next we examine how the Ryan budget treats gay and transgender families and offer our vision of a budget that values all families equally.

Medicaid and SCHIP

Medicaid and the State Children's Health Insurance Program, or SCHIP, are two of the most important economic lifelines providing essential health care and long-term care to millions of Americans. Low-income children, pregnant women, seniors, and people with disabilities are all eligible for Medicaid, which, since its creation in the 1960s, has been crucial to keeping families and their children insured and out of poverty. Just as important is SCHIP, which was created in 1997 and greatly expanded the number of children eligible for public health insurance.

Under current law, children under 6 years of age are eligible for Medicaid if they live in families with household incomes at or below 133 percent of the federal poverty guidelines. Children 6 to 18 years old qualify with household incomes at or below 100

percent of those guidelines. The number of children covered by these two programs is vast. Together Medicaid and SCHIP insure one-third of American children, or approximately 26 million children.

These two programs help lift children out of poverty, reduce health disparities, and increase economic security for all low-income families, including gay and transgender families. This population continues to face widespread discrimination in the workplace, which all too often forces gay and transgender individuals out of a job and their families into the ranks of the uninsured.

But even those who stay employed face challenges. Due to the absence of relationship recognition laws (marriage, domestic partnership, civil unions) or an unwillingness of employers to recognize same-sex relationships, gay employees often cannot access equal health insurance benefits for their partners or spouses or for their children.

For these reasons gay and transgender families are disproportionately more likely to go uninsured. Low-income gay and transgender families in these situations often turn to Medicaid and SCHIP to help fill the gaps in health insurance coverage. According to recent research, transgender people are more likely to rely upon public health insurance programs than their nontransgender counterparts.

Disappointingly, the Ryan budget dramatically shrinks Medicaid and SCHIP, making it even more difficult for gay and transgender Americans to access health insurance through public programs. The Ryan budget undermines these crucial social safety net programs in two ways. First, the Ryan budget repeals the Affordable Care Act, which, when fully implemented, would expand Medicaid eligibility to approximately 17 million Americans by 2021. With its repeal, low-income American families—including many gay and transgender families—will be forced to forgo access to public health insurance they would have otherwise received. Second, Rep. Ryan's budget caps Medicaid spending and shifts the burden of the costs onto the states. In effect, doing so radically transforms Medicaid as we know it—reducing Medicaid spending by \$1.4 trillion over the next 10 years and reducing eligibility by 14 million to 27 million Americans by 2021. These draconian cuts to public health insurance programs harm all low-income families, including families headed by gay or transgender couples who rely on Medicaid and SCHIP to fill gaps in coverage.

To add insult to injury, Medicaid and SCHIP use a narrow definition of family, considering only a child's legal parents when calculating income and household size. While some families may actually find it easier to become eligible for Medicaid and SCHIP under this definition, other families headed by same-sex couples will find it more difficult to access these programs.

For these families, the Ryan budget turns a precarious situation into a dire situation. It leaves families already having difficulties accessing health insurance coverage through

Medicaid and SCHIP with perhaps no access whatsoever to public health insurance programs. These families would either forgo insurance coverage or purchase insurance in the private market, which, even under a voucher program, as the Republican budget proposes, would make it significantly more costly—if not entirely impossible—for many gay and transgender families to remain insured.

Food and nutrition assistance

It would be bad enough if the harm caused by the Ryan budget was limited to health care, but the budget also targets one of the most basic of needs—sustenance. Every year, many American families struggle to put food on the table. Food and nutrition assistance programs ensure millions of children do not go hungry each year in the United States, helping minimize hunger, reduce poverty, and sustain and support the middle class.

The Supplemental Nutrition Assistance Program, or SNAP, has proven particularly efficient and effective at responding to the food and nutritional needs of American families. During the Great Recession, for example, SNAP temporarily expanded to serve 46 million participants and in 2010 kept more than 5 million people out of poverty. SNAP (formerly the food stamp program) is especially crucial in reducing food insecurity for our nation's children. Nearly one-quarter of children in the United States live in households that are deemed “food insecure.” Similarly, three out of four households receiving SNAP assistance lived in households with children.

Unfortunately, the Ryan budget not only ignores the economic realities facing low-income families and children but also asks them to sacrifice food security so corporations, oil companies, and the mega-rich can continue receiving huge tax breaks. According to the Center on Budget and Policy Priorities, the Ryan budget would slash SNAP funding by \$133.5 billion over 10 years. In addition to SNAP, the Ryan budget would slash other food and nutrition assistance programs, assuming that all cuts to nonhealth mandatory programs are distributed equally. This includes drastic cuts to the National School Lunch Program and the Special Supplemental Nutrition Program for Women, Infants, and Children, or WIC.

What these cuts mean is that fewer low-income households will have access to an effective program that helps ensure millions of American children do not go hungry each year. The Center for American Progress estimates that the proposed \$133.5 billion cut to SNAP under Rep. Ryan's budget would force America's poorest families to forgo 8.2 billion meals a year.

Draconian cuts to food assistance programs will harm all low-income families. But a reduction in SNAP benefits will prove especially harmful to families headed by gay or transgender parents. Research suggests that gay and transgender families may be

disproportionately food insecure. The 2007 California Health Interview Survey, for example, found that 50 percent of gay Californians with children whose incomes were at or below 200 percent of the poverty guideline were food insecure compared to 41 percent of similarly situated heterosexual Californians. As a result, families headed by one or more gay parents were 43 percent more likely than heterosexual-headed families to receive SNAP benefits, according to the same survey. Given these figures, the proposed Ryan budget cuts to food and nutrition assistance programs would be especially detrimental to families headed by same-sex couples.

Fortunately, food and nutrition assistance programs use a broad definition when determining which families are eligible for SNAP, WIC, and the National School Lunch Program. Unlike other means-tested programs, food and nutrition programs do not require applicants to be related legally or by blood, meaning that for the most part, the federal government treats gay and transgender families the same as it does heterosexual families.

Still, obstacles abound for food insecure children with gay or transgender parents. Citizenship issues complicate who in a bi-national same-sex household is eligible for food assistance, and may in fact distort a family's actual need for SNAP benefits. Many same-sex parents erroneously believe that since they live in a state without marriage equality (or any other form of relationship recognition) they are not eligible for food and nutrition assistance. And both gay and transgender applicants for food stamps may encounter discrimination from social service officers when seeking food assistance. Given these obstacles, cuts to SNAP as envisioned in the Ryan budget would further prevent gay and transgender families from accessing food and nutrition assistance from the government.

Financial aid for higher education

The Ryan budget also undermines many Americans' hopes for a brighter future. Federal financial assistance is a crucial lifeline for students looking to pursue a higher education. In fact, the federal government provides more financial assistance for higher education than any other institution. In 2010 the Department of Education delivered more than \$134 billion in loans, grants, and work-study funds to more than 14 million students attending more than 6,200 institutions. Additionally, state governments, public and private universities, and foundations provide billions of dollars in financial aid every year.

Sixty-six percent of all undergraduate students received some type of financial aid during the 2007-08 school year and the average amount of aid received by those students was approximately \$9,100—with about \$6,600 of that amount coming from federal sources. Consisting largely of federal assistance, financial aid packages can mean the difference between a college education and none at all.

Unfortunately, as with Medicaid and SCHIP, the federal government does not accurately capture the true economic reality of households headed by same-sex couples when calculating the amount of financial aid it will allocate. Because of restrictive laws that narrowly define what constitutes a family, spouses and children will not be included in the number of individuals that make up an applicant's household. These laws also often exclude one partner's income from total household income.

As with other government programs, how the FAFSA defines a family has important implications for the amount of federal aid applicants with same-sex parents will receive compared with similarly situated applicants with different-sex parents. Interestingly, some applicants with same-sex parents will actually benefit from these discriminatory laws and receive more aid than similar children with different-sex parents. Yet many others will receive substantially less financial aid for higher education than they would have otherwise received had their parents been heterosexual.

For these families, the Ryan budget will further diminish access to sorely needed aid to finance higher education. If House Republicans get their way, more than 1 million students would lose access to Pell Grants, which provide need-based grants to low-income students seeking higher education. This is because Rep. Ryan's budget slashes Pell Grant funding by \$200 billion in a shortsighted attempt to cut spending and trim the deficit. Rather than maintain or even increase funding in education, a crucial investment for our middle class, the Ryan budget strips educational opportunities from thousands of potential students. Many families headed by same-sex couples already have a difficult enough time becoming eligible for financial aid, including the Pell Grant program. Rep. Ryan's budget makes a bad situation worse for these families.

Conclusion

One of Congress's core responsibilities is to annually pass a federal budget that appropriates funds to federal agencies to carry out what Congress has authorized. But budgets are more than just dollars and cents. Budgets are moral documents that reflect our values and reflect what kind of society we want to live in. As the appropriations process moves forward this year, lawmakers should reject the Ryan budget and craft one that values all families, including families headed by gay or transgender parents.

Crosby Burns is a Research Associate for the LGBT Research and Communications Project at the Center for American Progress.

Endnotes

1 In this issue brief, the term "gay" is an umbrella term that describes people who identify as gay, lesbian, or bisexual.