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## **The President's Scandalous Budget**

Senator Arlen Specter took a look at the President's budget proposal for FY 2007 and called it "scandalous" for its cuts to health and education. He is right. The budget is shameful for abandoning investments in many vital services – and for recklessly handing out still more unaffordable tax cuts.

### **This budget requires sacrifice from those with modest incomes, but provides still more billions to the wealthiest.**

*Massive Cuts to Services.* The President's budget cuts \$182 billion over five years in domestic programs except homeland security. Medicare is cut by \$36 billion. Medicaid, just cut in FY 2006 budget reconciliation legislation, is hit again – with close to \$14 billion in legislative and regulatory proposals. Low- and moderate-income people, young and old, are disproportionately affected.

*Unaffordable, Unfair Tax Cuts.* The budget also cuts taxes by at least \$285 billion over five years, by making permanent tax cuts that would otherwise expire in the next few years, and by some new tax break proposals. Although the service cuts hit people with low to moderate incomes hardest, they get very little out of the tax cuts. On the other hand, millionaires will average \$136,000 a year in tax breaks; over ten years, the millionaires' share of the tax cuts will be \$600 billion, according to the Tax Policy Center.

### **The President's budget abandons investments in shared prosperity for all Americans.**

*Education Slashed.* This budget actually cuts spending on education – if enacted, it would be the biggest cut in the Department of Education's 27-year history, down from \$88.9 billion this year to \$63.4 billion in the President's FY 2007 proposal, a \$25.5 billion cut (29 percent).

*Closing off Routes to Good Jobs.* The budget slashes vocational education funding and further reduces student loans, even after the big cuts just enacted for the current year. Pell grants stay frozen at a maximum of \$4,050 a year per student – that's \$900 less than the maximum grant was worth 30 years ago, adjusted for inflation. 460,000 students will not receive Perkins College Loans in FY 2007 (a \$664 million cut).

*Head Start for Fewer Children.* Head Start is frozen in the President's proposal; the National Head Start Association estimates that this failure to keep pace with inflation will result in 19,000 fewer children served in FY 2007.

### **The budget reduces vital help to vulnerable people.**

*Less Food Aid.* The President would stop providing food packages to 420,000 low-income elders and 50,000 pregnant women and young children by eliminating the Commodity Supplemental Food Program – a one-year cut of \$108 million. The Administration seeks to enroll the women and children in WIC and the seniors in the Food Stamp program. However, not all the recipients of the food packages will be eligible for these other programs.

*Working Families Lose Food Stamps.* Once again, the Administration seeks to deny food stamps to about 300,000 people in working families – a cut of \$656 million over five years. These are low-

income families with children who receive aid such as child care funded by the federal welfare to work program, but who do not receive cash assistance. Now, at state option, these families can be automatically eligible for food stamps. Severing this tie is also expected to result in 40,000 children losing free school meals, because their eligibility is established by their receipt of food stamps. Congress rejected these cuts this year.

***Services Cut for Abused and Neglected, Young and Old.*** Funding for the Social Services Block Grant is slashed by nearly 30 percent (from \$1.7 billion to \$1.2 billion) in one year. These grants to states provide 12 percent of all the federal funds for child abuse prevention, adoption, foster care, and many other services for abused or neglected children. States also use the funds to protect the elderly from abuse and for other services for the elderly.

***Less Housing for Elderly and Disabled.*** Funds for housing for the elderly is cut by one-quarter (a cut of \$190 million in FY 2007); housing for people with disabilities is cut in half (a reduction of \$119 million).

### **The budget cuts services that strengthen low-income working families.**

***Child Care Slashed, Year After Year.*** At least 400,000 children will lose child care help under President Bush's budget plans. This is in addition to the 250,000 children who have lost child care assistance since FY 2000. The budget predicts 1.8 million children will receive child care in FY 2011, compared with 2.45 million children in FY 2000.

***Fewer Community Services.*** The Community Services Block Grant would be terminated, a one-year cut of \$670 million. These funds support 1,100 Community Action Agencies, organizations that often administer Head Start, home energy assistance, and weatherization programs. Not only are the CAAs slated for cuts, but funding for the services they oversee is also reduced. Weatherization Assistance, for example, is cut 32 percent, which will result in 29,000 homes not retrofitted to save an average \$450 per winter.

### **The budget makes most of us less secure, and is even more reckless with the security of future generations.**

***Health Insurance: Making Things Worse.*** Instead of providing real help for the growing unaffordability of health insurance, the President's budget proposes a costly new tax break (\$51.7 billion over 10 years, including \$29 billion for expanding Health Savings Accounts). This will benefit people with high incomes, but will make health insurance still more expensive for everyone else.

***Social Security private accounts?*** They're back, cutting secure benefits by \$6.3 billion over 10 years and costing \$712 billion over the same period.

***Limiting Social Security Benefits for Dependents.*** The President eliminates Social Security benefits for children over 16 whose parents are retired, deceased, or disabled if the children are not in school, and also ends the one-time \$255 death benefit, often used towards funeral expenses.

***Reckless Deficits.*** The tax cuts and growing military expenditures will keep deficits large for years to come, and will be paid for by our children and grandchildren.

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