

# What's in the President's Budget for Human Needs?

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## Key Elements of the President's Budget

- Balances only “on paper” in 2012; makes long-term deficits worse
- Makes the very expensive 2001 and 2003 tax cuts permanent, while ignoring costs of Alternative Minimum Tax relief (together they would cost \$3.5 trillion over the next 10 years)
- Cuts in domestic discretionary programs that grow deeper over time
- Cuts in health care – including Medicaid cuts that shift significant costs to states and insufficient funding to continue coverage in the State Children's Health Insurance Program (SCHIP)

## Trade-offs in the Budget

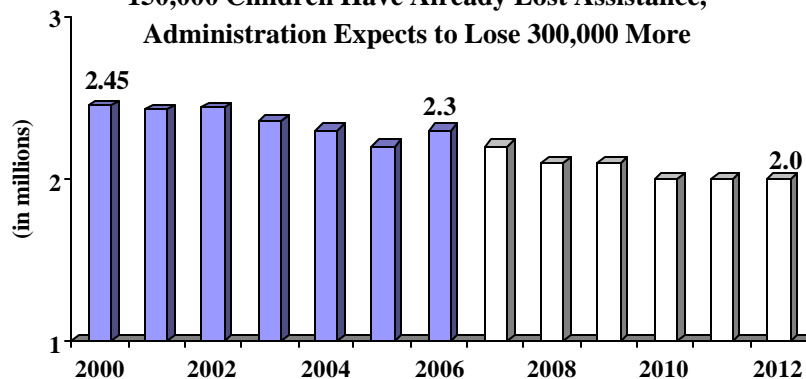
People with incomes of more than \$1 million would get tax cuts averaging \$162,000 a year...

WHILE:

- children with family incomes as low as \$35,000 risk losing health insurance (SCHIP)
- 300,000 fewer families will have access to child care
- housing assistance is reduced
- the elderly face sharp cuts in home energy assistance (LIHEAP) and food assistance (CSFP)

The result? The problem of growing income inequality gets worse, not better.

**Decline in Children Receiving Child Care:  
150,000 Children Have Already Lost Assistance,  
Administration Expects to Lose 300,000 More**

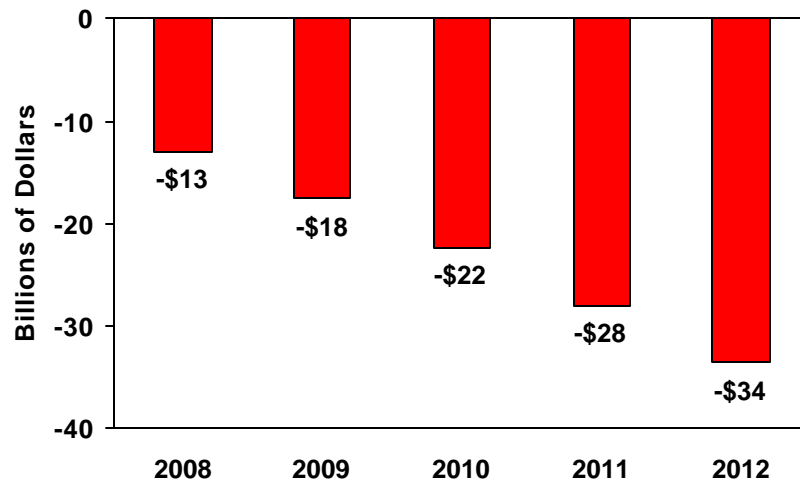


*FY 2007-2012 are Administration's Projections*

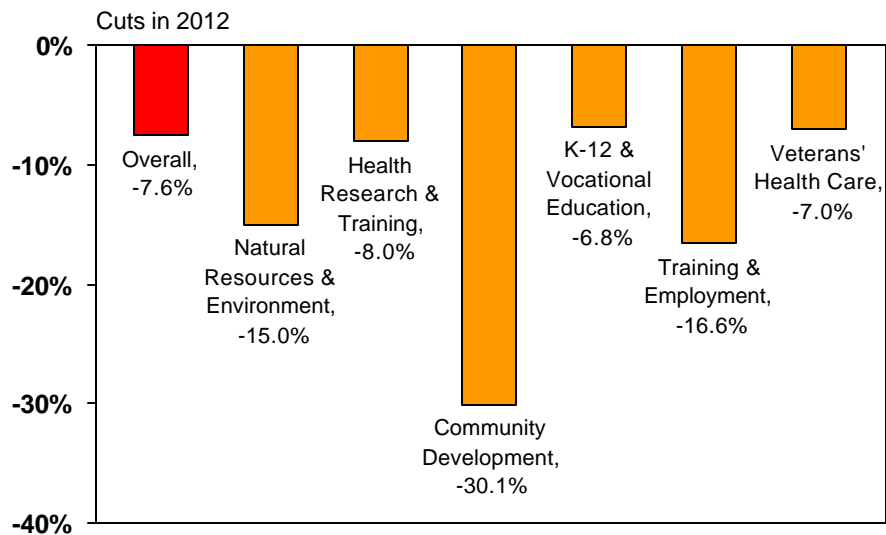
Note: The Deficit Reduction Act increased mandatory funding for CCDBG by \$200 million beginning in FY 2006.

Source: Center for Law and Social Policy, based on HHS estimates and beneficiary projections for child care from the President's FY 2008 budget.

## President's Proposed Cuts in Domestic Discretionary Funding Grow Deeper Over Time



## President's Budget Calls for Deep Cuts in Broad Array of Discretionary Programs



## **In the President's budget...**

- **A mother and two children in Michigan cannot find an apartment that costs less than half their income.**
  - One-quarter of Michigan renters paid more than half their income on rent (26%) in 2005. Nearly *half* (48%) paid more than 30%. That doesn't leave a lot for other vital needs.
  - In the U.S., 8.8 million low-income renters (below 80 percent of the median income in their state) pay more than *half* of their cash income for housing – up by 33% since 2000.

## **...Whose needs are met?**

- **A low-income working family with children in Florida have no health insurance.**
  - 47 million people uninsured in the U.S.
  - Only about  $\frac{1}{4}$  of children in FL below twice the poverty line are covered by their parents' employer-sponsored health insurance (26%)
  - 28% of FL's children below twice the poverty line are uninsured

## What's top priority?

- **A retired woman in Pennsylvania turns the thermostat way down because she cannot afford the heating bills.**
  - Electric bills from Philadelphia Gas Works rose 29% in 2006 (500,000 customers)
  - In U.S. between 2002-2007, electric bills up 17%; natural gas up 35%; heating oil up 44%

## Compounding Problems

- **The family paying too much for rent? They run out of food before the end of the month.**
  - In MI, 443,000 "food insecure" households (2002-2004); 11.3%.  
*And it doesn't help that they don't have help with child care or child support, either.*
- **The retired woman with high energy bills? She can't afford enough food either.**
  - In PA, 490,000 food insecure households; 10.2%

**What does the President's budget do for these people?**



**It makes things worse.**



## Housing

- **Rental vouchers frozen** – could result in loss of 40,000 to 80,000 vouchers – on top of loss of 150,000 vouchers since 2004.
- **Cuts housing for seniors:** \$747m this year, down to \$575m.
- **Cuts housing for people with disabilities:** from \$231m in FY06 to \$125m in FY08.

## What to do instead?

- Provide funding adequate to cover at least existing units.
- Advocates succeeded in persuading the House to prevent loss of hundreds of thousands of units in the FY07 funding resolution.

## Health Insurance

- **State Children's Health Insurance Program (SCHIP):** reduces federal funds to states covering children over twice the poverty line. (18 states now cover kids with higher incomes.)
  - Funding inadequate over next 5 years to cover children currently enrolled – needs another \$12 – 15 b.
  - Current shortfall in funding affects 17 states; they will have a shortfall of \$930m in 2007; threatens coverage of 630,000 children.

## Other Health

- **Medicaid:** cuts of \$25.7b over 5 years - \$13 b through law changes; \$12.7b through admin. changes.
  - Results in more costs to states
  - Cuts payments to providers
  - Cuts certain services (rehab; transportation for school-based services)

## What to do instead?

- **Advocates seek \$60 billion expansion over 5 years in SCHIP and Medicaid.** Will cover most uninsured children who are eligible for Medicaid or SCHIP. (7 in 10 uninsured kids are eligible. 9m uninsured children – proportion grew last year.)

## Home Energy Assistance

- **President cuts LIHEAP** (Low Income Home Energy Assistance Program) by more than \$400m, down to \$1.8b). In 2006, LIHEAP received \$1 billion in new funds to deal with Katrina and fuel price spikes. This is not included in the \$1.8b. Loss of new billion plus the Pres' cut will force a cut of *1 million households* (down from current 5.6 million).

## What to do instead?

- **Fund LIHEAP at least at the authorized level: \$5.1 billion.**
  - Last year's short-term increase resulted in serving about 5.6m households, up from 5.1m.
  - From FY05 to FY06, LIHEAP average annual payment rose from \$347 to \$454.
  - More funding ensures LIHEAP is available for cooling and heating costs.

## Food Assistance

- **Food Stamps:** President restricts eligibility of certain low-income working families; could drop at least 300,000 people from Food Stamps; also affects school meals.
- **Commodity Supplemental Food Program:** President eliminates it – ends \$20 monthly food packages for about 440,000 seniors and 50,000 pregnant women, young children after 6 month transition. Program cost \$112m in FY 2006.

## What to do instead?

- **Food Stamps:** Advocates calling for
  - increase in benefits (now \$1 per person per meal); including increasing minimum benefit (now \$10 a month).
  - restoring benefits to legal immigrants and jobless adults without children.
  - want positive elements in President's proposal: allowing households to keep certain savings accounts without losing Food Stamps, and other improvements would add 98,000 more people to Food Stamps.
- **Commodity Supplemental Food:**
  - Provide funds adequate to cover all states participating or approved for new participation.

## Child Care and Head Start

- Between FY 2006 and FY 2010, President's budget means **300,000 fewer children will get child care assistance** – 200,000 fewer just through FY 2008; on top of 150,000 lost since 2000. Toll of inflation.
- Same for Head Start – cut 11% since 2002; Pres. Proposal makes it 13%; Head Start programs making cutbacks.

## What to do instead?

- **Head Start:** Advocates seeking \$750m in FY 2008 to undo and prevent cuts in services.
- **Child Care:** Must begin to reverse massive losses.

## Child Support

- Cuts have already been approved – last year, Congress reduced funding for enforcement – will result in \$8.4b less in child support going to children to whom it's owed over 10 years.
- When families receive child support, it makes a big difference in their income – adds \$4,000 (15%) to income of families 100-200% of poverty.
- More than one-third of poor children received child support; half of families 100-200% of poverty did (2001).

## What to do instead?

- Repeal the cuts enacted last year.
- Will probably cost \$2-3b. But every government dollar brings a \$4.58 return.
- Child support program served 17.2m children and collected \$23b in 2005.
- The cutback in funding is already causing some states to lay off as many as a third of local child support workers.

## So many needs...so little time

- Emergency Campaign for America's Priorities (ECAP) has come up with a recommended total for domestic discretionary in FY 2008: **\$450b.**
- The President spends \$392b on the same programs. Not enough.
- \$450b allows us to rebuild and start to serve more needy people.

## Entitlement “asks”



*Serve more people  
through*

- Food Stamps
- SCHIP/Medicaid
- Child Support

## What We Need to Do

- ✓ Stay connected: sign up at [www.chn.org](http://www.chn.org)
  - ✓ Tell us you want to help: contact Maricela Donahue at [mdonahue@chn.org](mailto:mdonahue@chn.org)
- Educate your members of Congress!
- ✓ Join in events during Presidents' Week Recess – February 19-23
  - ✓ Attend forums your member may schedule
  - ✓ Arrange to meet with your member or staff
  - ✓ Call his/her office – get to know key aide(s)
  - ✓ Participate in call-in days – spread the word

## A few more ways to educate

- ✓ Sign joint letters – help to get more signers
- ✓ Talk to state or local officials – get them to weigh in
- ✓ Be or find a spokesperson to talk to the press

## Whose voice will be heard?



It's up to you.

**Please join in the fight  
for the right priorities!**

**[www.chn.org](http://www.chn.org)**

**Thanks!**