

THE FEDERAL BUDGET

Why it Matters and How You Can Make a Difference

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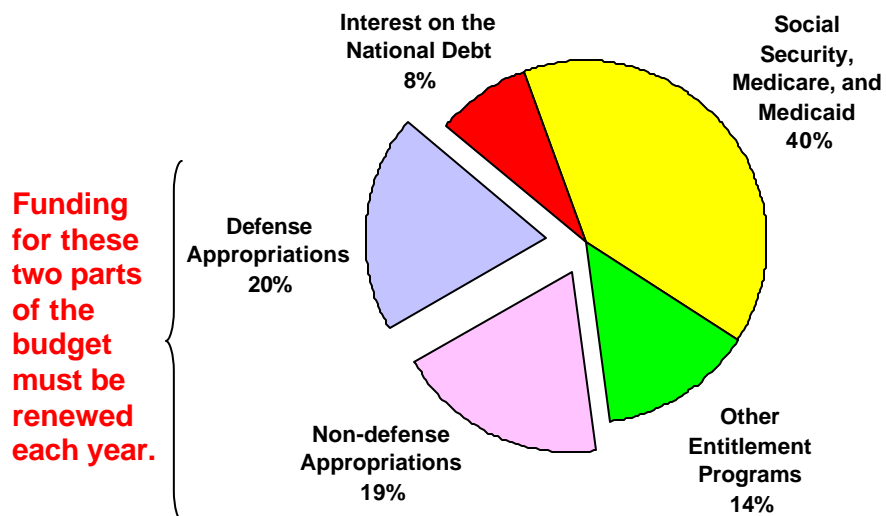
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Why the Federal Budget Matters

- Top-line federal budget and tax decisions drive funding levels and policies for individual programs.
- These decisions significantly impact our nation's ability to meet the needs of children, the elderly, people with disabilities, and other vulnerable members of society.
- Federal budget decisions directly affect states as well. More than one-quarter of state budgets now consist of funds from the federal government. When federal funds are cut, costs get shifted onto states and local communities. Similarly, federal tax policy changes can affect state revenues.

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What's in the Federal Budget?



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The Federal Budget in 2006

How much the federal government can spend each year is largely driven by how much tax revenue it collects. Right now, the country is running a deficit because we are not bringing in enough revenue to cover current expenditures.

| | |
|---------------------|-------------------------|
| Revenues | \$2.407 trillion |
| <u>Expenditures</u> | <u>\$2.654 trillion</u> |
| Deficit | \$ 248 billion |

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The Federal Budget Calendar

| | |
|--|---|
| Winter  | The President sends his budget request to Congress by the first week in February. The Senate and House consider the President's proposal and begin crafting their own budget resolutions. |
| Spring  | Congress finalizes its budget resolution. |
| Summer  | Congress begins consideration of individual appropriations, entitlement, and tax bills. |
| Fall  | Congress finalizes appropriations and other budget and tax bills, as the White House begins formulating its budget for the following year. |

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What Does the Congressional Budget Resolution Do?

- 1) Sets a total limit on how much the Appropriations Committee can spend on “discretionary” programs.
- 2) Sets a revenue floor that is a lower bound on how much taxes can be cut (if at all), although “pay-as-you-go” still applies.
- 3) Can give committees room to expand entitlements (although “pay-as-you-go” must still be satisfied), or require them to cut entitlements and/or raise taxes through the fast-track “reconciliation” process.

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Life in a “Pay-As-You-Go” World

- Congress is in the process of reinstating the "pay-as-you-go" rule, which requires any tax cut or entitlement expansion to be paid for, so that it does not add to the deficit.
- This rule does *not* apply to discretionary programs funded through the annual appropriations process (including the war),
- There can still be entitlement expansions or tax cuts -- Congress just has to find a way to pay for them (or agree to waive the rule, which in the Senate requires 60 votes, and in the House requires the leadership's support along with a majority vote).

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What to Expect in This Year's Budgets

| | President | Congress |
|----------------------|--|--|
| Deficits | A (temporarily) balanced budget in 5 years | Same. |
| Taxes | Lots of tax cuts -- making his permanent when they expire in 2010, probably more on top of that. | Unclear. May propose tax cuts (like AMT reform) but pay for them with unspecified revenue increases, so they wouldn't show up in the budget. |
| Discretionary | Continued defense increases. Domestic cuts, likely deepening each year | Similar (but how similar?) on defense. On domestic, question is how much will they restore past cuts/expand funding? |
| Entitlements | Cuts expected in Medicare and Medicaid. | May signal more funding for SCHIP, possibly others. |

Report from Captain Obvious



"That line is blue."

To succeed in a federal budget campaign, you need:

- ✍ The right message
- ✍ The right messengers

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You also need a vision and goals:

- ✍ **First Things First Agenda**
 - ✍ Funding adequate to invest in critical priorities that expand opportunity and prosperity for the vast majority of Americans.
 - ✍ Common good investments address unmet needs in
 - ✍ Health care
 - ✍ Education
 - ✍ Economic security



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How to Pay for Our Agenda:

All Americans have a shared responsibility to pay.

Resources can come from

- ✍ Fair and progressive tax system in which wealthy and corporations pay their fair share;
- ✍ Eliminating wasteful use of public funds, here and in Iraq.

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The Budget Message for FY 2008:

Our asks:

- ✍ Provide \$450 billion for non-defense, domestic appropriations:
 - ✍ about \$70 billion more than in FY 2005 – genuine opportunities to increase needed services.
- ✍ Cover all eligible children in SCHIP
- ✍ Improve Food Stamps
- ✍ Restore funds to Child Support Enforcement

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The more we work together, the better our chances to succeed.

- Get timely info and easy ways to join in:

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Click on “Stay Connected” – sign up for Opportunity for All list.

ECAP:

www.actnow.org



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Help us get the message right

Evidence to support our asks:

- ✍ National data from sources such as Census Bureau, Bureau of Labor Statistics
- ✍ 50-state data from federal agencies, federal budget

Needed from you:

- ✍ Stories, reports, data from states or localities demonstrating
 - Unmet need
 - Impact of cuts
 - Examples of effective services
- ✍ **Got info?** Contact Maricela Donahue at mdonahue@chn.org

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The Right Budget Messengers

- You
- Constituents
- Respected experts (local or national):
 - Academics
 - Service providers (health care, social services, educators, police...)
 - Government officials
- Respected religious, business, labor, community leaders
- Consumers or would-be consumers of services
- Who matters most to the targeted official?

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Opportune Timing for Message Delivery



- **After President's Budget, Feb. 5**
 - ✍ Tell the press and your members of Congress what your state really needs.
- **Presidents' Week recess (Feb 19-23)**
 - ✍ Meet with members; hold forums, etc.

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More Opportunities to be Heard

In March:

- Budget Committees will work out their Budget Resolution proposals – House and Senate should each have approved their versions by end of month.

In April:

- House and Senate agree on final budget resolution by April 15.

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What YOU Can Do About the Federal Budget... *with Congress*

- ✍️ **Get to know the key players.** Are there members of the Budget Committee, congressional leadership, or tax-writing committees (House Ways & Means or Senate Finance) in your state's delegation? Get to know them and their staff.
- ✍️ **Follow up** over the course of the year, so that they know you're watching and that you care about the decisions they are making.

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What YOU Can Do About the Federal Budget... *with State Officials*

- ✍ **Meet with your Governor's office.** Governors can be very effective messengers to Congress and the President, especially when they talk about the impact that a federal budget decision will have on the state's budget and the demand for state-funded services. Find out what federal tax and budget issues the Governor and his or her staff get involved in, and discuss how to work together.
- ✍ **Work with state legislators** who share your priorities to communicate with Congress about the impact that federal budget shortfalls are having on critical programs in your state and local communities.
- ✍ **Talk to state agency directors and budget officials** to see if they are speaking out on these issues.

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Why it's So Important to Take Part before April 15:

For annually appropriated ("discretionary") programs:

**The Budget Resolution
caps the total dollars!**

For mandatory ("entitlement") programs:

**Budget Resolution is first step towards
building support for expansions.**

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How We Can Help – So Federal Budget Work Isn't a Heavy Lift



- Basic facts and talking points after President's budget is released and at other key points.
- Help connecting to the press.
- Template reports with state-specific data.
- Contacts with other advocates in your state.

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Let's Work Together:

There are many ways your organization can participate: *if you can do any of these things, contact Maricela Donahue at mdonahue@chn.org*

- ✍ Speak out after the President's budget is released.
- ✍ Identify "messengers" – people needing services, service providers, religious leaders, you...
- ✍ Organize or help to organize meeting(s) with members of Congress in February.
- ✍ Release state-specific report.
- ✍ Circulate word about call-in days or emails to Congress.
- ✍ Share information about unmet need/impact of cuts/good programs that should expand.

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Thanks!



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