



COALITION ON HUMAN NEEDS

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The Bush Budget Less Help for People in Need; Needless Help for Those with High Incomes

The Bush Administration's FY 2008 budget would make its tax cuts permanent. Between FY 2008 and FY 2017, these tax cuts will hand \$739 billion to millionaires alone, and will total \$3.4 trillion in lost revenue, according to the Center on Budget and Policy Priorities. In order to pay for these tax breaks for the non-needy and to increase funding for the military, the budget cuts vital services for the poor, near-poor, and middle class. A budget that puts first things first would invest in these services. The Bush budget does the opposite.

The choices in the Bush budget are clear. In FY 2008, spending for education, housing, the environment, and all the other programs requiring annual appropriations will total nearly \$392 billion in the Bush budget, \$13 billion below the cost of keeping up with inflation. The examples below show the results of such a squeeze: hundreds of thousands of children losing health coverage and child care; hundreds of thousands of low-income seniors losing modest packages of food aid and housing assistance. In the President's proposal for FY 2008, special education, vocational education, and higher education are all cut below FY 2006 levels. These are just a few of the failures to invest in giving people a chance to build better lives for themselves. On the other hand, in FY 2008, people with incomes of a million or more will receive \$55 billion from the tax cuts enacted since 2001, according to the Senate Budget Committee.

The Coalition on Human Needs, working with the Emergency Campaign for America's Priorities (ECAP), is calling upon Congress to move substantially towards meeting the nation's needs by providing \$450 billion for domestic annually appropriated programs (domestic discretionary programs, including homeland security) in its Budget Resolution for FY 2008. That would help us to invest in education and training, public health, child care, housing, and much more. Is \$58 billion above the President's figure unaffordable? Most of it could be paid for by eliminating next year's tax cut for millionaires. The Center on Budget and Policy Priorities points out that the discretionary cuts will escalate in the next five years under the President's proposal. In 2012, domestic discretionary programs will be cut by \$34 billion, while millionaires will receive \$73 billion in tax breaks. These are the wrong choices.

We also strongly urge Congress to reject the President's cuts in the State Children's Health Insurance Program (SCHIP) and instead to provide funding adequate to ensure that all children have health insurance. Similarly, now is the time to build on the successes of the Food Stamp Program – certainly not to cut it. Congress should also restore funds to child support enforcement cut in the Deficit Reduction Act, to prevent the wrong-headed cuts in child support collectors that will, if nothing is done, result in more than \$8 billion in uncollected child support over the next ten years.

As more information becomes available, we will add analyses of additional programs.

Fewer children with health insurance: The Bush budget would take health insurance away from children even though there were 361,000 more uninsured children in 2005 than in 2004 – the percentage growing from 10.8 percent to 11.2 percent. The proposal would reduce federal funds to states under the State Children's Health Insurance Program (SCHIP) for children whose families have income above 200 percent of the federal poverty line. Families USA points out that a family of three with an income of \$35,000 would exceed this limit, even though the cost of family insurance premiums now averages about \$12,000. Unsurprisingly, according to the Kaiser Commission on Medicaid and the Uninsured, close to 10 percent of children in families with incomes between 200 percent and 300 percent of the poverty line are uninsured. The proposal would also discourage states from covering children over the age of 18. *(More info: Families USA, <http://www.familiesusa.org/resources/newsroom/statements/presidents-budget.html>; Kaiser Commission on Medicaid and the Uninsured, <http://www.kff.org/uninsured/7451.cfm>)*

Large Medicaid cuts likely to result in reduction or loss of health care for low-income people: Medicaid would be cut \$13 billion over 5 years through legislative proposals, plus another \$12.7 billion in administrative actions not requiring legislation. It is too soon to analyze the impact, but much of the savings appear to result from shifting costs to states. Last year, Congress rejected billions in Medicaid cuts (but did cut \$27 billion over 10 years). Pressures on states, including the cuts already enacted last year, are likely to result in reduced benefits or eligibility. *(More info: Families USA, www.familiesusa.org)*

Fewer households with help for high energy costs: In FY 2006, LIHEAP received a total appropriation of \$3.2 billion, including \$1 billion in new funding to address urgent needs related to the hurricanes and energy price spikes. The new funding allowed LIHEAP to serve 5.6 million households, up from 5.1 million in FY 2005. It is now expected that the new \$1 billion will be left out of FY 2007 funding. The President's budget for FY 2008 takes a further giant step backward – reducing LIHEAP to \$1.78 billion. That is about \$1.4b less than actual FY 2006 funding – a 44 percent cut, and a 19 percent cut from the expected FY 2007 level. Between 2002 and the current year, the cost of heating oil has risen more than 44 percent; natural gas is up 32 percent, and electricity has increased more than 17 percent. The National

Energy Assistance Directors' Association estimates that the President's budget will force programs to eliminate assistance to 1 million households. *(More info: National Energy Assistance Directors' Association, <http://www.neada.org/comm/press/pr2007-02-07.pdf>)*

***✂* Fewer working families with children with child care and Head Start help:**

200,000 fewer children will receive child care assistance in FY 2008 compared to the numbers served in FY 2006 (2.3 million reduced to 2.1 million). The President's budget acknowledges that by flat-funding child care assistance, the number of low-income children placed in child care will continue to shrink, with still another 100,000 denied help by 2010. The number of low-income children receiving child care at reduced cost to their parents has already dropped 150,000 since 2000. The President cuts this support for working families yet again. Further, the Head Start program is funded at \$6.789 billion, which does not include the additional \$100 million Congress is expected to provide for the current year. The small increase in FY 2007 is not enough to undo the 11 percent cut Head Start has experienced since 2002, taking inflation into account. By failing to make any increase at all over FY 2006 funding, the President's budget allows inflation to take an even bigger bite. Already, the National Head Start Association reports that programs have cut back hours, ended summer programs, reduced transportation and staff, and cut other services to children and their families. *(More info: Center for Law and Social Policy, http://www.clasp.org/publications/2008_budget_child_care.pdf); National Head Start Association, http://www.nhsa.org/download/announcements/NHSA2007_Budget_Report.pdf)*

***✂* Fewer low-income working families will receive Food Stamps:** The Bush budget will deny Food Stamps to about 300,000 low-income working families, a loss to them of more than \$600 million over 5 years – a proposal that was rightly rejected by Congress in the last two years. The proposal would also make it more difficult for certain children to qualify for free or reduced price school meals. *(For more info, Food Research and Action Center, <http://www.frac.org/html/news/020707budget.html>)*

***✂* Fewer low-income older Americans and young children with nutrition help:** The budget would eliminate the Commodity Supplemental Food Program, which provides special help to low-income older people as well as to some families with children in the WIC program. In FY 2006, this program was funded at \$112 million; In FY 2005 it served an estimated 459,000 low-income elders and more than 50,000 pregnant women and young children. The Administration asserts that these seniors, mothers, and children would qualify for aid under other programs, but many would not be eligible, or would receive less aid despite very low incomes. Advocates seek the continued funding for all the states now operating CSFP, with funds adequate to add new states that are approved for participation. *(For more info, Food Research and Action Center, <http://www.frac.org/html/news/020707budget.html>)*

***✂* Fewer nutrition services for infants, small children, and pregnant women; after awhile, less nutrition, too.** The Women, Infants, and Children (WIC) nutrition program is widely recognized to improve the health of children and their mothers and save money in reduced health care costs. Yet although the administration proposes a small increase to enable WIC to keep up with expected growth and

provide food packages for 8.3 million participants in FY 2008, it undermines the effectiveness of WIC by cutting \$175 million in services and essential management in that year. Without these services, fewer children will get immunizations and fewer families will be helped to plan nutritious meals or learn about breastfeeding. Even worse, the budget plan projects cuts during the period of FYs 2009 – 2012 that will mean eligible children and mothers would be turned away.

~~✍~~ Fewer social and community services for families, senior citizens, and children:

- The Social Services Block Grant (SSBG) provides a large range of services for low-income people, including meals on wheels, child care, services for senior citizens, family counseling, etc. After years of flat funding at \$1.7 billion, the President's budget would cut it by \$500 million, a massive cut. In FY 2006 SSBG was increased by \$500 million to assist victims of the hurricanes. Although the needs of the hurricane survivors have not been met, neither the FY 2007 budget nor the President's new proposal continues this funding; in effect, the budget cuts SSBG by \$1 billion below the amount available in FY 2006. *(For more info, Child Welfare League of America, <http://www.chn.org/pdf/2007/cwlaBudget.PDF>)*
- The President's budget eliminates the Community Services Block Grant, which was funded at \$630 million in FY 2007. CSBG supports 1,100 community action agencies, which administer energy assistance, weatherization, Head Start, and many other services.
- The budget slashes the Community Development Block Grant from \$4.17 billion in FY 2006 to \$3.04 billion.

~~✍~~ One hand increases Pell Grants; the other eliminates two college aid programs.

The President would increase the maximum size of the Pell grant to \$4,600 in FY 2008 and to \$5,400 over 5 years; it is now \$4,050 (and the FY 2007 budget is expected to raise that amount to \$4,310). The Pell Grant increase is an extremely positive development. However, the President's budget eliminates the Perkins loans, which are serving about 460,000 students at a cost of about \$660 million. The budget also eliminates the Supplemental Educational Opportunity Grant programs, which cost \$771 million in FY 2006. About half the cost of the Pell Grant expansion is paid for by ending the two other college aid programs. The budget also would increase costs to student loan lenders by \$16.9 billion over 5 years.

~~✍~~ 40,000 – 80,000 rental vouchers could be eliminated: The Administration increases funding for rental vouchers for low-income tenants by one-half of one percent over the anticipated FY 2007 appropriation. That is not enough to cover inflation, and will result in a loss of at least 40,000 vouchers, the full extent depending on how many vouchers housing authorities utilize this year. This would be in addition to the 150,000 vouchers already lost since 2004. In 2005, no state had fewer than 14 percent of its renters paying more than half their income on rent. In the three big states of California, New York, and Michigan, more than one-quarter of tenants paid

more than half their income on rent. Adequate funding plus an important change in the formula for distributing vouchers would undo much of the earlier reduction and prevent this new cut. *(For more info, National Low Income Housing Coalition, <http://www.nlihc.org/doc/020607chart.pdf>)*

- ✂ **Less Housing for Older Americans:** The Administration proposes to slash funding for housing for low-income seniors by nearly one-quarter (\$747 million this year, down to \$575 million in FY 2008). A similar proposal last year that was rejected by Congress would have reduced the new units built for older people by 2,000. *(For more info, National Low Income Housing Coalition, <http://www.nlihc.org/doc/020607chart.pdf>)*
- ✂ **Less Housing for People with Disabilities:** The program providing housing for people with disabilities is cut from \$231 million in FY 2006 to \$125 million in FY 2008. *(For more info, National Low Income Housing Coalition, <http://www.nlihc.org/doc/020607chart.pdf>)*
- ✂ **Migrant and Seasonal Farmworker Job Training:** The Migrant and Seasonal Farmworker Job Training program is slated for elimination in the President's budget for the sixth consecutive year. So far Congress has declined to go along, funding the program at about \$80 million in FY 2006 and FY 2007. Recent data shows that this program, aimed at training and placing the lowest-wage workers in America, helps increase their wages by an average of \$9,000 per year. *(For more info, Association of Farmworker Opportunity Programs, <http://www.afop.org/news.htm>)*
- ✂ **Funding limited for job training:** The Administration is attempting to revive its Career Advancement Account proposal, providing vouchers of \$3,000 a year (with a maximum of \$6,000 over two years), for community college-type training programs. Funding would come from consolidating most of the Department of Labor training programs for adults and youth and putting most of the funds into these vouchers. However, the budget cuts the training programs that are being combined. Adult training under the Workforce Investment Act would decline by 17 percent even before taking inflation into account. Last year, the Center for Law and Social Policy cited evidence that the use of such vouchers with disadvantaged adults was not effective. The \$3,000 voucher was judged inadequate last year, because it would not allow funding for counseling and placement services. Another year necessarily makes the funding even less adequate. *(For more info, Center for Law and Social Policy, http://www.clasp.org/publications/workforce_07budget.doc)*
- ✂ **Many education programs are cut:** Although funding is increased for the largest source of federal dollars serving low-income children in K-12 education (Title I), many other education programs are cut. Special education (Individuals with Disabilities Education Improvement Act, or IDEA) is cut from \$11.64 billion in FY 2006 to \$10.69 billion. (Taking inflation into account, the cut is nearly 10 percent.) The School Improvement, Innovation and Improvement, Safe Schools and Citizenship, Indian Education, and English Language Acquisition programs are all cut. The Even Start program is eliminated. Even Start serves 50,000 families by combining early childhood education with adult literacy training and parent

education (this year it is funded at \$99 million). Notwithstanding the increase in Title I, overall funding for elementary, secondary and vocational education drops from \$39.69 billion in FY 2006 to \$38.05 billion in the President's FY 2008 request. (For more info, National Council of La Raza, <http://www.chn.org/pdf/2007/NCLRbudanalysis.pdf>)

For a constantly updated compilation of expert organizations' budget analyses, please go to the Coalition on Human Needs website, www.chn.org - click on Analysis and Responses to the FY08 Budget on the homepage

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