



The Senate Budget Moves Toward a "First Things First" Agenda *But More Progress is Needed*

The Senate 2008 budget takes several critical steps on the path toward meeting a “First Things First” agenda, including most significantly by rejecting the President’s budget cuts and reversing course on tax cuts that are not paid for. At the same time, the Senate budget unfortunately does not provide enough funding to meet the pressing human needs that have been mounting for the past six years. The Senate budget takes a first step toward achieving some of the most important goals of the Emergency Campaign for America’s Priorities (ECAP) – preventing further cuts to the human needs budget and stemming unfair tax cuts - but we must continue to work toward securing more funding to satisfy unmet basic human needs.

While the 2008 budget now headed for the Senate floor moves towards the right priorities, it could be further strengthened in these areas:

- ?? **DISCRETIONARY SPENDING** – The Senate 2008 budget provides only \$7.3 billion in new domestic discretionary spending, once inflation is taken into account. While this amount is a vast improvement over the alternative – the President’s domestic spending plan for 2008 – it is simply not enough to begin to meet the many pressing human needs that have been neglected and steadily growing for the past six years. An effort must be made to increase the amount of discretionary funding that is available to meet the needs of the least among us who have been long ignored.

- ?? **FOOD STAMPS** – The Senate 2008 budget allows up to \$15 billion over five years in new spending for the reauthorization of the farm bill (assuming an equal amount of revenues or savings can be achieved). The budget should specify that increased funding to enable the Food Stamp program to better serve hungry Americans is a critical priority for the farm bill.

?? **CHILD SUPPORT** - The Senate budget resolution should include a provision to make it easier to restore child support cuts which could cost families \$11 billion in uncollected child support over the next 10 years.

The Senate 2008 budget represents a fundamental shift in priorities from the unfair budgets of the past six years, and in particular, significantly departs from the President's budget on these critical issues:

?? **TAX CUTS** - The Senate 2008 budget reverses years of budgets that gave a free pass to tax cuts, and restores a requirement that any new tax breaks be paid for. This significant reform means that any tax change – including repealing the estate tax, extending tax cuts that are set to expire, or addressing the alternative minimum tax – cannot be enacted without finding a way to make up for the lost revenue or finding 60 votes in the Senate to waive the new requirement. Stemming the staggering revenue loss that has resulted from the tax cuts of the last six years is the first and most important step that can be taken toward ensuring that there are no further cuts in the human needs budget and that there are enough resources to take care of the most needy among us.

In addition, the Senate 2008 budget prioritizes closing tax loopholes, ending tax shelters and collecting taxes that are already due. It assumes that taking these steps – which will begin to return some fairness to the nation's tax policies – will also generate hundreds of billions of dollars in revenue. Restoring fairness to our tax system and increasing revenues are important goals of the ECAP "First Things First" agenda.

?? **STATE CHILDREN'S HEALTH INSURANCE PROGRAM (SCHIP)** - The Senate 2008 budget assumes that up to \$50 billion in new spending over five years can be dedicated to SCHIP (if sufficient revenues can be raised or other savings found to reach that number). In contrast, the President's budget provides only \$2 billion in new federal funding over five years for the program, an amount that is insufficient to ensure that current enrollees keep their health coverage. SCHIP is expected to be reauthorized this year – a once-in-a-decade opportunity to help the millions of children and families who have no health insurance.

?? **EDUCATION AND TRAINING** - The Senate 2008 budget assumes an increase of \$4.3 billion for education and training above the current year (adjusted for inflation), and is \$9.2 billion over the President's budget, which cuts (and in some cases ends) many education, training and social service administered by the Departments of Education and Health and Human Services. The Senate 2008 budget assumes the increased funding will be invested in a number of areas that are important to ECAP, including Head Start, Pell grants, and elementary and secondary education services required through the No Child Left Behind Act and the Individuals with Disabilities Education Act. The Senate 2008 budget also provides a tool that would make it easier to secure sufficient funding for the long-overdue reauthorization of the Higher Education Act.

- ?? **CHILD CARE** - The Senate 2008 budget allows up to \$5 billion in new child care spending over five years, (assuming an equal amount of revenues or savings are secured). This amount would help restore assistance for the 150,00 children in low-income families who have lost their child care over the last five years and expand child care for the millions of children who are eligible but do without because of lack of funding. The President's budget does not include this increase and assumes that almost a half million children will lose their child care by 2010.
- ?? **HOUSING AND LIHEAP** – The Senate 2008 budget provides a tool that would help to establish an affordable housing fund, and assumes a modest but desperately needed increase in the Low Income Home Energy Assistance Program (LIHEAP). By contrast, the President's budget reduces overall funding for low-income housing and includes an almost twenty percent cut in LIHEAP funding.
- ?? **RECONCILIATION** – Reconciliation is an often misunderstood process that provides fast-track protections to certain types of legislation in the Senate. In the recent past, reconciliation has been used by Congress to enact the President's top domestic priorities, including over a trillion dollars in unpaid tax cuts. The Senate 2008 budget restricts reconciliation protection to bills that do not increase the federal deficit. While this may seem like a small and esoteric change, its impact is enormous on ECAP's "First Things First" agenda. Going forward, tax cuts that are not paid for cannot be placed on a legislative fast-track or protected from amendments.

