

HOUSE BUDGET COMMITTEE

Democratic Caucus

The Honorable John M. Spratt Jr. ■ Ranking Democratic Member

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October 25, 2002

Republican Budget Slashes Domestic Priorities and Spends Social Security Surplus

Dear Democratic Colleague:

It is understandable why House Republicans left town last week with only five of the 13 annual appropriations bills completed: they were concerned about the consequences of revealing more explicitly just what cuts their budget entailed. But an analysis by the House Budget Committee Democratic Staff of the President's budget, the matching House Republican budget resolution, and Committee-passed appropriations bills makes Republican budget priorities clear.

To pay for excessive tax cuts, the Republican budget plan not only diverts \$2 trillion from the Social Security Trust Fund surplus, but also assumes grossly inadequate levels of funding for domestic activities of government that the vast majority of the American people supports and expects. The Republican budget cuts domestic funding for 2003 by more than \$7.1 billion (2.0 percent) below the 2002 enacted level and by more than \$19.6 billion (5.2 percent) below the amount needed to maintain purchasing power at the 2002 level. The rest of this report provides some troubling information about the specific cuts contained in the Republican budget — and thus offers a preview of what is likely to be included in the remaining appropriations bills when the Republican leadership finally brings them to the floor.

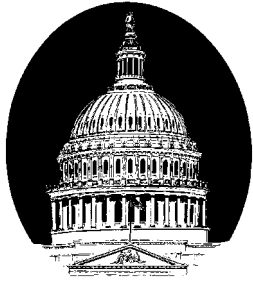
Although the picture that emerges is disturbing enough, Republican budget policy today dictates that these cuts could grow even deeper. First of all, the budget outlook has worsened since March, when House Republicans passed their budget resolution. According to the Congressional Budget Office (CBO), between March and August alone the overall ten-year budget picture deteriorated by \$1.3 trillion; and indications are that this downward trend has continued since. Just yesterday, the Office of Management and Budget (OMB) reported a \$159 billion deficit for 2002 alone, a reversal of \$286 billion compared to the 2001 budget surplus of \$127 billion. Meanwhile, the Administration has submitted \$1.4 billion in additional budget requests for 2003 without providing offsets. Finally, the likely calls for still more resources for homeland security and the war will compound the strain on the rest of the budget.

So Republicans have left us with a Hobson's choice: either expand the President's current planned \$2 trillion raid of the Social Security Trust Fund surplus or pursue even deeper unacceptable and counterproductive cuts of the domestic responsibilities of government.

What follows is a description of only those cuts already explicitly planned by the Republicans. It is thus undeniably the budget plan that Republicans want to enact next month; but even this analysis may be too rosy a view of their budget.

Sincerely,

John M. Spratt
Ranking Democratic Member



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Harmful Program Cuts

To make room for its tax cuts, the Republican budget cuts many important programs below the 2002 enacted level. The cuts highlighted in this section are reflected in measures approved by the House or the House Appropriations Committee.

If a program has not yet been approved by the House Appropriations Committee, the cuts described are those included in the 2003 House Republican budget resolution as passed by the House.

Cuts that Undermine Economic Growth

- ***Drastic Highway Funding Cuts*** — The Republican budget cuts 2003 federal-aid highway funding to \$27.7 billion, a cut of \$4.1 billion (13.0 percent) from the 2002 enacted level of \$31.8 billion. Such a dramatic decline in federal aid could force states to abandon or postpone many highway projects and result in the loss of thousands of highway construction jobs while the economy is still weak.
- ***Cuts Employment and Training*** — The Republican budget cuts funding for employment and training programs by \$508 million (9.3 percent) from the 2002 enacted level of \$5.5 billion. This is a cut of \$567 million (10.2 percent) from the amount needed to maintain purchasing power at the 2002 level.
- ***Cuts Funding for New Education Act*** — Even though the President consistently claims that he is increasing education funding, the Republican budget fails to provide all the funding authorized for the No Child Left Behind Act, last year's bipartisan reauthorization of the nation's main elementary and secondary education law. In fact, the Republican budget actually cuts funding for these programs by \$90 million from the 2002 enacted level.
- ***Cuts Other Education Programs*** — The Republican budget decreases funding for many education programs below the 2002 enacted level, including the following: educational technology (cut \$134 million, or 15.7 percent, to \$722 million); Improving Teacher Quality programs (down \$105 million to \$3.0 billion); and Safe and Drug-Free Schools (cut \$102 million, or 13.7 percent, to \$644 million).

- ***Fails to Adequately Fund Securities and Exchange Commission (SEC)*** — The House Republican budget provides only \$468 million for the SEC for 2003. This is \$100 million below the Administration's current request of \$568 million, which in turn falls \$208 million below the current authorized level of \$776 million. Despite repeated promises to crack down on corporate fraud, Republicans have failed to provide the SEC with the resources necessary to ensure corporate accountability and protect shareholders and employees.

Cuts to Health

- ***Eliminates Community Access Program (CAP)*** — The Republican budget eliminates the community access program for 2003, a cut of \$105 million. CAP funds grants to coordinate health care services to the under-insured and uninsured offered by community providers such as public hospitals, community health centers, and disproportionate-share hospitals.
- ***Slashes Rural Health Activities*** — The Republican budget cuts rural health activities by \$54 million (41.9 percent) below the 2002 enacted level.
- ***Cuts Children's Hospital Graduate Medical Education (GME)*** — For 2003, the Republican budget cuts pediatric GME by \$85 million (29.8 percent) below the 2002 enacted level. Funding drops to \$200 million for 2003. These funds are currently used by children's teaching hospitals to offset the higher costs of providing advanced training to pediatricians.
- ***Freezes Ryan White AIDS Programs*** — For 2003, the Republican budget freezes Ryan White AIDS programs at the 2002 level of \$1.9 billion. With the advent of effective therapies, the number of persons seeking AIDS Drug Assistance Program (ADAP) assistance has more than doubled since 1996. The budget's level funding of Ryan White programs, especially ADAP, will worsen the problems of the many states that are already implementing program restrictions or eligibility limits because of budget shortfalls.
- ***Freezes Title X Family Planning*** — The Republican budget freezes Title X family planning programs at the 2002 level of \$266 million for 2003.
- ***Freezes Maternal and Child Health (MCH) Block Grant*** — For 2003, the Republican budget freezes the MCH block grant at the 2002 enacted level of \$739 million. The MCH block grant supports federal and state partnerships to develop service systems to address the critical challenges in maternal and child health.

Cuts that Weaken Our Communities

- ***Eliminates AmeriCorps*** — The Republican budget eliminates the entire \$402 million operating budget for the Corporation for National and Community Service, calling upon the Corporation to use its 2002 funds to shut down. This ends AmeriCorps, Learn and Serve America, the National Civilian Community Corps, and the National Service Trust.

- ***State and Local Law Enforcement Program Cuts*** — State and local law enforcement programs center on activities combating crime. The Republican budget cuts state and local justice assistance to \$752 million, a \$2.0 billion (72.2 percent) cut below the amount needed to maintain purchasing power at the 2002 level.
- ***Juvenile Justice Programs Cut*** — Juvenile justice programs provide grants and other assistance for states and localities to help combat juvenile delinquency. The Republican budget provides \$251 million for juvenile justice assistance, a \$54 million (17.7 percent) cut below the amount needed to maintain purchasing power at the 2002 level.
- ***Support for Amtrak Falls Short*** — Both Amtrak and the Department of Transportation's Inspector General have said that the rail service needs \$1.2 billion in federal support for 2003 in order to continue operations. The Republican budget provides only \$762 million, far short of that amount and \$64 million (7.7 percent) less than last year's funding level (including supplemental funds). With that level of federal support, Amtrak will run out of money early in 2003 and will have to begin shutting down routes.
- ***Urban Empowerment Zones Cut*** — The Republican budget cuts funding for urban empowerment zones by \$15.0 million (33.3 percent) from the 2002 enacted level of \$45.0 million.

Cuts that Hurt Working Families

- ***Cuts LIHEAP Formula Grants*** — Just as we are about to start the cold winter months and at a time when the unemployment rate continues to be high, the Republican budget provides \$1.4 billion in formula grants to states, cutting formula grants by \$300 million (17.6 percent) compared with the 2002 enacted level, and \$332 million (19.2 percent) below the amount necessary to maintain constant purchasing power of the formula grants at the 2002 level.
- ***Freezes Funding for Child Care*** — The Republican budget freezes the Child Care and Development Block Grant (CCDBG) at the 2002 enacted level of \$2.1 billion, \$40 million below the level necessary to keep pace with inflation. Federal child care funds serve just one out of every seven eligible children.