

President and Republicans' Budget Widens Disparities for African Americans



A Joint Report by House Democratic Leader Nancy Pelosi and the
Congressional Black Caucus

April 20, 2005

Introduction

Democrats believe that on every issue our nation faces, it is our responsibility to ensure that the policies we pursue are consistent with the values we cherish. This guiding principle is particularly critical when it comes to the federal budget, which should be a statement of our national values and address the challenges of and provide opportunities for all Americans.

The Bush budget ignores the very real challenges that America's families are facing, particularly African American families. It fails to create jobs, and instead creates record deficits. It shortchanges education, health care, veterans' benefits, and small business. It cuts essential programs to create opportunity for all Americans and fails to invest in our people – the necessary first step to removing the barriers that prevent all Americans from achieving their full potential. Instead of helping African American families, it provides additional tax breaks for those who need them least.

The Bush budget has shortchanged a number of key priorities that are particularly important to our nation's African American families, even as disparities between African Americans and White Americans continue to exist in 2005. It fails to include a real economic growth package, while at the same time closing the door to college. It continues the Republican raid on the Social Security Trust Fund, while refusing to acknowledge the cost of the Republican Social Security privatization scheme. And it slashes community policing that has succeeded in bringing safety to our streets, as well as community revitalization efforts, and shortchanges critical civil rights, and voting rights efforts. All this in order to pay for a tax break for the wealthy few that will not create jobs, and will saddle the next generation with debt, threatening long-term economic growth.

In essence, the President's budget fails in every respect to live up to the values we cherish and the promises made. It is fiscally reckless and morally irresponsible, adding trillions to the deficit over the next 10 years and slashing funding for key education, health care, job creation, and public safety and security programs. And the Bush Administration's failure to include details of its Social Security privatization proposal and the cost of the war in Iraq is a clear failure of leadership.

This report provides a comprehensive analysis of the Bush budget and its effect on the African American community in the following areas:

- Jobs and the Economy
- Education
- Health Care
- Law Enforcement/Homeland Security
- Social Security
- Child Care
- Civil Rights
- Housing
- Veterans
- Environment

It also examines how the budget passed by the House of Representatives is even worse for African Americans.

Democrats are committed to upholding the key values that are the foundation of a strong and secure middle class including: opportunity; prosperity, community, fairness, including civil rights protection and enforcement, accountability, and safety and national security. Democrats are fighting to restore fiscal responsibility and hold those in power accountable for their actions. Democrats will continue to champion the issues of importance to the African American community, resist the steady erosion of American values, and advance initiatives that make our nation stronger and safer for future generations.

Executive Summary

No action on job creation, with 1.7 million African American workers still looking for a job. Even as the African American unemployment rate remained over 10 percent for the 11th month in a row, with 1.7 million African Americans looking for work, the Bush budget squanders an additional \$1.6 trillion over the next 10 years on more tax cuts for the wealthy, but does little to create good-paying jobs here at home. And these tax cuts will squeeze out a range of programs to help create new opportunities, support strong national security, and restore prosperity.

Slashes funding for the Small Business Administration and eliminates Microloans. The Bush budget cuts funding for the Small Business Administration, which helps minority owned small businesses grow, by \$85 million. There are over 800,000 African American owned small businesses. The Bush budget provides no resources for the Microloan program, which provides assistance to small start-ups, even though this program is critical to aiding minority communities.

Denies job training opportunities. Training programs that provide workers with academic preparation and skills training needed for economic success could help more than 1 million African Americans currently unemployed. Yet the Bush Administration shortchanges the job training needed to create new opportunities. The budget cuts job training services by about \$280 million and block-grants the adult, youth, and dislocated worker programs and the Employment Service program, jeopardizing critical training resources and particularly harming dislocated workers and at-risk teenagers.

Breaks the promise of a better education. With 8 million African American children enrolled in K-12 school, The budget fails to provide \$12 billion in promised funding for education -- meaning 3 million children will not get the help with reading and math that they were promised, and cuts Education Department funding below this year's level. The Bush budget denies help to 1.7 million children who were promised after-school services; eliminates the Even Start program for 9,500 African American families to help them with early childhood education, adult literacy, and parenting education; and guts Head Start for 324,000 African American children.

Shortchanges college opportunity. The President's budget closes the door on a college education, even though only 17 percent of African Americans over 25 have attended college. It eliminates the GEAR-UP, Upward Bound, and Talent Search programs, which ensure that high-risk students succeed in high school and move on to college – denying support to nearly 2 million students – many of whom are minorities – the support they need to make it to college. Despite skyrocketing college costs, the Bush Administration has broken the promise to raise the maximum Pell Grant to \$5,100, and proposes to force the typical student borrower to pay \$5,500 more for college loans.

Demonstrates a failure to lead on Social Security. Despite the fact that the President has called his proposal to privatize Social Security his top domestic priority this year, his budget includes no details on his plan. This failure to provide a clear and honest accounting of the difficult trade-offs between increases in the debt, benefit cuts, and tax increases needed to fund the White House's privatization proposal is a failure of leadership. There are 4.7 million African Americans who receive Social Security benefits, and without Social Security, poverty rates for African American seniors would more than double to 58 percent. Further, nearly half of African Americans on Social Security receive disability or survivor benefits. Democrats stand ready to address the challenges facing Social Security, but the President must put forward a proposal that is fiscally responsible, fair, and does not slash benefits.

Undermines safe and strong communities. From 1993 to 2001, violent crime against African Americans dropped by 54 percent. Instead of building on this progress and working to strengthen and make communities safe, President Bush's budget cuts first responder funding within the Department of Homeland Security of \$302 million, and slashes aid to state and local law enforcement, including the COPS program, which put more than 100,000 community officers on the streets.

Fails to make healthcare affordable. There are 7.4 million African Americans without health insurance and millions more who can barely afford to pay their premiums. However, the budget does not improve access to health care. Instead, it cuts \$60 billion from Medicaid, decimating health care funding for children, the elderly, and people with disabilities and making it even harder for families to afford nursing home care. These cuts will shift in costs to states and beneficiaries, cuts payments for providers, which will undermine their ability to provide care, and increase the number of the uninsured.

Slashes programs for revitalizing communities. The President's budget slashes funding for community and economic development programs that provide housing, employment counseling, water and sewer improvements, and small business loans by \$2 billion – a 30 percent cut in funding. These cuts will particularly affect seniors, people with disabilities, cities, and rural communities.

Leaves veterans and troops behind. There are 2.5 million African American veterans. The budget raises health care costs for 2.2 million veterans, while providing \$3.5 billion less than veterans' service organizations believe is needed for veterans' health care, even as America welcomes a new generation of veterans home from Iraq and Afghanistan. The budget also fails to fund the promised increase in death benefits for families of our servicemen and women who are killed in action.

And the House-passed budget resolution is even worse. On March 17, the House of Representatives passed a budget resolution (H.Con.Res. 95) by a vote of 218 to 214, a measure that generally follows the President's budget. Unfortunately, in some respects, it is even worse – particularly for minorities. That is because it calls for greater cuts in Medicaid, Food Stamps, and other programs that help families struggling to get into the middle class.

Jobs and Economy

Since President Bush took office, more than 400,000 private-sector jobs have been lost. The unemployment rate for African Americans was 10.3 percent in March, with 1.7 million African Americans looking for work. **(Bureau of Labor Statistics, 2/04)** The rate has been over 10 percent for the last 11 months and is more than 30 percent higher than when President Bush took office, and does not take into account the hundred of thousands of discouraged workers who have left the workforce in response to the dismal job market. Further, the median weekly earnings of full-time African American workers is consistently more than \$130 less than white workers who are similarly educated and, with median household income dropping by 6 percent for African American families since 2001.

No action on job creation, with 1.7 million African Americans still seeking work. The unemployment rate among African Americans remained over 10.5 percent last month – remaining at levels not seen since 1995. The Bush budget squanders an additional \$1.6 trillion over the next 10 years on more tax cuts for the wealthy, but does little to create good-paying jobs here at home. And these tax cuts will squeeze out a range of programs to help create new opportunities, support strong national security, and restore prosperity.

Includes budget-busting tax cuts but fails to invest in our economic recovery. Despite this jobless recovery, the Bush budget squanders another \$1.4 trillion over the next 10 years on even more tax breaks for those who do not need them, creating a long-term drag on economic growth. The Bush tax cuts have not created good-paying jobs here at home, and have left many minority families behind. **In fact, an analysis of the Bush tax cuts to be extended in this new budget concluded that the tax cuts received by black and Hispanic taxpayers would be 35 percent smaller than the tax cuts received by white taxpayers. The centerpiece of the President’s so-called “growth” package – the elimination of the tax on stock dividends would give the typical African American taxpayer \$25.** (House Government Reform Committee, 4/03)

The Republican budget is fiscally irresponsible, creating trillions of dollars in new deficits that threaten our economy. The Republicans’ fiscal recklessness continues, with record deficits for the past three years and a deficit that is likely to top \$400 billion in 2006. And the Administration has failed to offer a credible plan to cut the deficit in half, as the budget fails to include a single penny for the ongoing war in Iraq or for his Social Security privatization proposal. All told, the Republican budget creates \$4 trillion in new deficits over the next 10 years, mortgaging the future of our children and grandchildren.

Cuts funding for small businesses. The growth of small business is critical to the prosperity of African Americans in the United States. There are more than 820,000 African American owned small businesses. Yet despite the importance of small business to growth in our economy and to the African American community, the President’s budget cuts funding for the Small Business Administration, which helps minority-owned small businesses grow, by \$85 million from last year's proposal. Further, this budget is only half of what it was when President Bush first took office, receiving \$100 million less each year.

The growth of small business is critical to the prosperity of African Americans in the United States. In 1997, 800,000 African American-owned businesses generated \$71 billion in revenues. **(Census Bureau, 3/22/01)** Minority-owned firms have been growing at four times the rate of all firms in the U.S. economy, increasing from 2.1 million to 2.8 million firms from 1992 to 1997. **(Census Bureau, 7/12/01)** Minority-owned businesses receive only 57 cents of each dollar they would be expected to receive based on the percentage of “ready, willing and able” businesses that are minority owned.

This makes it one of the hardest hit agencies under the President’s budget, even though small businesses employ nearly half of all workers and create three out of four new jobs. According to the Small Business Committee,

50 small business programs are slated for termination or reduced funding. Overall, the average reduction in federal program funding is about 80 percent.

The President's budget provides no funding for the SBA's largest small business loan program, the 7(a) program, and proposes to run the program solely through fee increases. Last year, the 7(a) program provided small businesses with \$12.5 billion in capital, accounting for 30 percent of all long-term small business lending. These 7(a) loans are especially helpful to business owners who cannot qualify for traditional bank loans, and the increase fees in the budget make the program less accessible and more costly for small businesses.

Eliminates Microloan program & ends funding for other minority small business programs. The Bush budget provides no resources for the Microloan program, even though this program is critical to aiding minority communities. Last year this vital program provided \$23 million in loans to start up newly established and growing small businesses, and \$15 million in training and education assistance. President Bush's FY 2006 budget also harms the following small business programs important in minority communities:

- Providing no funding for the New Markets Venture Capital Company Program that aims to bring equity investment to low-income communities across the nation, which will limit the availability of equity financing to entrepreneurs located in distressed urban and rural areas at a time when the economy is still struggling;
- Providing no funding for SBA's PRIME (Program for Investments and Microentrepreneurs) that provides technical assistance for disadvantaged microentrepreneurs to improve their success, which will create an important gap in technical assistance for low-income entrepreneurs, and will mean that many will be unable to realize their dreams of business ownership;
- Providing no funding for BusinessLINC, a mentoring program for small businesses in low-income areas; and
- Cutting funding 11 percent for the Minority Business Development Agency, which promotes the growth and competitiveness of minority-owned businesses by providing access to public/private debt and equity financing, market opportunities and one-on-one training for minority entrepreneurs through its business centers.

Denies job training opportunities. Some African American workers lack the academic preparation and skills training needed for economic success. Yet the Bush Administration shortchanges the job training needed to create new opportunities. The budget cuts job training services by about \$280 million and block-grants the adult, youth, and dislocated worker programs and the Employment Service program, jeopardizing critical training resources and particularly harming dislocated workers and at-risk teenagers. These cuts are particularly harmful at a time when young African American have an unemployment rate of 34 percent. The budget cuts other job training and related programs, including trade adjustment assistance, veterans' training, vocational rehabilitation, and adult education by about \$300 million. Over the past five years, the Bush Administration has tried to cut job training and related programs by \$3.3 billion.

No help for the 522,000 African Americans who have lost manufacturing jobs, but GOP tax breaks for corporate interests that ship jobs overseas. The Bush budget cuts the Manufacturing Extension Partnership (MEP) -- which helps small U.S. manufacturers with everything from plant modernization to employee training and created 50,315 jobs in fiscal year 2004 -- by nearly 60 percent. It also proposes to eliminate the Advanced Technology Program, which spurs cutting-edge research to solve manufacturing problems. Overall, 2.8 million manufacturing jobs have been lost over the past four years, and African Americans suffered the greatest loss in

manufacturing jobs, dropping by more than 25 percent from February 2001 to December 2004. (**National Urban League Institute for Opportunity and Equality, 1/2005**) Yet, the Bush budget fails to offer proposals to create good manufacturing jobs here at home, and instead Republicans have pushed for additional tax breaks for companies that ship American jobs overseas.

Shortchanges highway and transit spending. The Administration is proposing only \$284 billion for the six-year highway bill, \$34 billion less than the compromise bill passed by the Senate in 2004. The Administration's refusal to adequately fund the highway bill last year resulted in the Republican failure to pass a six-year highway bill – a missed opportunity to create good-paying jobs and spur economic growth. Every \$1 billion invested in federal highway and transit spending creates 47,500 jobs. And the Republican failure to pass a highway bill has cost us jobs every month that the bill is delayed because of project delays. Adequate funding could be of great help to African Americans as the construction industry is one of the few sources of new good-paying jobs for African-Americans -- growing by more 160,000 over the last three years. (**National Urban League Institute for Opportunity and Equality, 1/2005**)

Slashes programs for revitalizing communities. The President's budget slashes funding for community and economic development programs that provide housing, employment counseling, water and sewer improvements, and small business loans by \$2 billion – a 30 percent cut in funding. These cuts will particularly affect cities, and rural communities – consolidating 17 programs, including Urban Empowerment Zones, Community Services Block Grant, Rural Housing and Economic Development and the Economic Development Administration. The largest program rolled into this and cut is the Communities Development Block Grant, and one-half of the persons directly benefiting from CDBG-assisted activities were minorities including, African Americans, Hispanic, Asians, and Native Americans.

Eliminates Empowerment Zones and Community Development Financial Institutions (CDFI). The budget eliminates **all** funding for empowerment zones, which help revitalize city neighborhoods by attracting business development and providing employment opportunities. The CDFI program provides grants and loans to promote investment in economically distressed areas. The budget **eliminates** the CDFI. Both of these programs would be rolled into the new community initiative.

Eliminates Community Technology Centers. The President's FY 2006 budget eliminates Community Technology Centers, which offer disadvantaged residents of economically distressed areas access to computers and training. Among children under 18, only 43 percent of Black children had computers in their households, compared to 77 percent of white children. (**U.S. Census Bureau, Home Computers and Internet Use in the United States: August 2000**)

Shortchanges Public Education & College Opportunities

Education is the key to opportunity in America. Eight million African American children are enrolled in elementary and secondary schools. Yet, schools with high concentrations of Black students often lack adequate funding and have less qualified teachers. For example, schools serving African American, Hispanic and other disadvantaged students spent on average \$868 less per student in 2002 than schools with fewer children from low-income homes. (**Education Trust, Fall 2004**) The result is that Black students lag behind their elementary school peers in reading, math, and science proficiency, as well as in standardized testing. More than 20 percent of African Americans over the age of 25 did not have a high school education in 2002.

Breaks the promise of a better education. Instead of rising to the challenge to leave no child behind, the President's budget fails to provide \$12 billion in promised funding for public education – meaning that 3 million children will not get the help with reading and math they were promised under Title I. Since enactment of No Child Left Behind, the President has underfunded the law by \$39 billion. This new budget cuts the funding for the Department of Education by \$500 million for FY 2006 and essentially freezes it at that low level for the following four years. Cuts for 2007 through 2010 will mean fewer children are challenged to learn and equipped to succeed, or helped to meet the goals of the President's "No Child Left Behind" Act.

Undermines after-school programs. The Bush budget provides only half of the funding promised to these programs, meaning that 1.7 million children who were promised after-school services will not get them. The Census Bureau estimates that 6.9 million children are regularly unsupervised in the after-school hours and the peak hours of juvenile crimes (3:00 p.m.- 8:00 p.m.). According to a key study, after-school programs "are already boosting academic performance, especially for African Americans and Hispanics." (New York Times, Bob Hebert, 2/13/03; FightCrime.org, 2/3/03)

Eliminates Even Start. The President's budget eliminates the Even Start program, which integrates early childhood education, adult literacy, and parenting education into a unified family literacy program. Currently, 50,000 families are served through the Even Start program – 9,500 of them African American.

Jeopardizes aid to children of military families. The Bush budget freezes basic Impact Aid funding at this year's level and cuts funding for the Impact Aid school construction program. This jeopardizes services for children of military families, just as hundreds of thousands of American military personnel are risking their lives in Iraq and elsewhere.

Jeopardizes school safety efforts – eliminates funding for school violence and drug prevention. The Bush Budget completely eliminates funding to schools and communities for the Safe and Drug Free Schools program. Safe learning environments are critical to student achievement. The loss of these resources severely undermines the work of schools and communities in reducing violence and drug use.

Eliminates Education Technology. The Bush budget completely eliminates funding for the \$496 million, Education Technology State Grant program, despite the fact that studies show that technology can substantially raise student achievement.

Eliminates School Dropout Program. Over 10 percent of African American students drop out of high school each year, yet the President's budget eliminates all funding for dropout prevention. This marks the third year in a row the Bush budget has proposed eliminating this important program.

Guts Head Start. There are 324,700 African American children being served through Head Start, but the President's budget proposes turning Head Start into a block grant program that eliminates the comprehensive educational, health, and nutrition services that children in this program currently receive. In addition, the President's budget freezes Head Start funding at this year's level, meaning that 25,000 children will have to be cut from the program next year – despite the fact that Head Start is currently serving only 60 percent of eligible preschoolers.

Breaks promise to raise the maximum Pell Grant to \$5,100. Only 17 percent of African American adults over 25 have their bachelor's degree. Pell Grants are key to helping African American young people attend college, with more than 45 percent of African American students at four-year public colleges and universities depending on Pell Grants to make college affordable. (CRS estimates based on National Postsecondary Student Aid Study, Department of Education, 1999-2000) Despite nationwide increases in the cost of college, President Bush once again breaks his 2000 campaign promise to raise the maximum Pell Grant for college freshmen to \$5,100.

Instead, the Bush budget only increases the maximum Pell Grant by \$100 – from \$4,050 to \$4,150 – falling nearly \$1,000 short of his promise to students. In fact, the President is breaking his promise again just as millions of students are struggling to pay for college, and despite the fact that the 2003-04 maximum Pell Grant was worth nearly \$800 less than the maximum grant nearly 30 years ago. Just this last year alone, tuition has increased an average of 11 percent at 4-year public colleges, 9 percent at 2-year public colleges, and 6 percent at 4-year private colleges.

Eliminates Perkins Loans. The Bush budget completely eliminates the Perkins Loans program. If this proposal is enacted, just in 2006 alone more than 670,000 student borrowers would lose out on loan forgiveness if they became teachers, law enforcement officers or if they serve in the military.

Freezes work-study and supplemental college grants. The Bush budget freezes funds for work-study and Supplemental Educational Opportunity Grants (SEOG), which provide aid to students with the most need.

Forces millions of low and middle-income students to pay thousands more for their college loans. The Bush budget eliminates the current low fixed consolidation rate benefit. According to the nonpartisan Congressional Research Service (CRS), this change will force the typical student borrower to pay \$5,500 more for their college loans.

Jeopardizes college attendance for nearly 2million students. The Bush budget completely eliminates the \$306 million GEAR-UP, \$313 million Upward Bound, and \$150 million Talent Search programs – which ensure that high-risk students succeed in high school and move on to college. As a result, nearly 2 million students – many of whom are minorities – will lose the support they need to make it to college.

Eliminates the state college scholarship initiative (LEAP), and risks \$1 billion in non-federal Student Aid. The Bush budget eliminates the \$66 million Leveraging Educational Assistance Partnerships (LEAP) initiative, which encourages States to establish college scholarships for college students. In 2001-2002, the federal investment in LEAP leveraged more than \$1 billion in matching State spending.

Means Real Cuts for Historically Black Colleges and Universities. Overall, the President's budget essentially freezes funding for Historically Black Colleges and Universities, thus cutting funding in real terms. There are cuts in funding from the Housing Department, which are offset by minimal increases from the Education Department and the Agriculture Department. There are 105 HBCUs, 17 HBCUs of which are land-grant colleges, which enroll about 6 percent of all African-American higher education students.

Health Care

Access and affordability of health care is a critical economic and moral issue for African Americans. Overall, 19 percent of African Americans have no health insurance. (Census, 8/2004) That is why Medicaid, which provides health care coverage to low-income seniors, children, and disabled Americans, is critical to minorities. Minority children, in particular, face obstacles in getting the health care they need. In fact, 5 million African American children get health care through Medicaid. (Census, 8/2004) And yet, Republicans have a morally irresponsible budget that makes health care less affordable and accessible.

Fails to make healthcare affordable for middle-class families. There are 7.3 million African Americans without health insurance and millions more who can barely afford to pay their premiums, yet the Bush budget does nothing to hold down costs. It includes \$74 billion for a \$1,000 tax credit for individual coverage that covers only 5 percent of the 45 million uninsured, and Health Savings Accounts that help only the healthy and wealthy.

Net Medicaid cut of \$45 billion. Not only does the Bush budget do little for the uninsured, it makes the problem worse. The Bush budget slashes \$60 billion from Medicaid, decimating health care funding for children, the elderly, and people with disabilities and cutting funding for nursing home care. These cuts will shift costs to states and beneficiaries, cut payments to providers, which will undermine their ability to provide care, and increase the number of the uninsured. While the Bush budget claims to reinvest \$15 billion of the \$60 billion in cuts back into Medicaid, the bulk of that spending is from an “outreach initiative” which is unlikely to ever produce any new coverage, as many states have moved to make it more difficult for families to enroll. Medicaid is a vital program for many African Americans, with nine million African Americans receiving health care through Medicaid. (Census, 8/2004)

Does nothing to truly make prescription drugs affordable for the 4.1 million African Americans on Medicare. African-American seniors are more than twice as likely as whites to go without prescription drugs because they cannot afford the cost, according to a Robert Wood Johnson study. (8/03) Although the Bush budget includes billions of dollars in subsidies for HMOs participating in the new prescription drug program, it really does nothing to significantly lower prescription drug costs for seniors. Republicans are refusing to allow Medicare to negotiate with drug companies for lower drug prices for seniors and are refusing to allow Americans to import less expensive drugs from Canada.

Slashes programs to increase minority representation in the health professions. Many of the Title VII Health Professions Training programs are focused on increasing minority representation in the health professions. And yet the Bush budget slashes funding for these programs by 96 percent – cutting funding from \$300 million in Fiscal Year 2005 to \$11 million in Fiscal Year 2006. (For the separate Title VIII Nursing Training programs, the Bush budget provides \$150 million, a cut of \$0.7 million.) The Bush budget completely eliminates the \$36 million Health Careers Opportunity Program, which helps individuals from disadvantaged backgrounds prepare for and successfully graduate from health professions schools, and the \$34 million Minority Centers of Excellence Program, which supports programs of excellence that train minority health professionals. It also slashes Health Professions Scholarships for Disadvantaged Students by 79 percent -- from \$47 million in Fiscal 2005 to \$10 million in Fiscal 2006.

Cuts Minority HIV/AIDS Initiative. The Clinton Administration created the important Minority HIV/AIDS Initiative, which works to ensure that such programs as the Ryan White CARE Act and CDC HIV/AIDS prevention programs meet the needs of the minority community. In 2003, African Americans accounted for half of the new HIV infections reported in the United States. (Centers for Disease Control <http://www.cdc.gov/hiv/pubs/facts/afam.htm>) And yet over the last four years, the Bush Administration has kept funding for this important initiative stagnant. This year, the Bush budget includes a slight cut in the program, cutting funding from \$399 million in FY 2005 to \$395 million in FY 2006.

Underfunds National Center on Minority Health and Health Disparities. The Clinton Administration created the National Center on Minority Health and Health Disparities at the National Institutes of Health (NIH). Despite the fact that African Americans are 40 percent more likely to die from heart disease than whites; infant mortality rates are twice as high for African Americans as for white Americans; and African American men suffer from heart disease at nearly twice the rate of whites, research on minority health is underfunded in the Bush budget. Given its underfunding, the Bush proposal to essentially freeze funding for the Center at the Fiscal Year 2005 level remains highly inadequate.

Cuts Office of Minority Health. The President's budget cuts funding for the Office of Minority Health by 6 percent from this year's enacted level. This office supports disease prevention, health promotion, service demonstration, and educational efforts that focus on health concerns that cause the high rate of disease in racial and ethnic minority communities.

Keeping Our Communities Safe & Strong

All of us are concerned about the safety of our communities -- whether it is the threat of terrorists or crime. We also look to improve our communities economically to make them a better place to live. On criminal justice, we have made great strides; violent crime against African Americans dropped 57 percent from 1993 to 2003. (Bureau of Justice Statistics, 0/04) Unfortunately, the Bush budget takes us in the wrong direction on these issues.

Significantly cuts funding available to police, firefighters, and medics. Police departments nationwide do not have the protective gear to safely secure a site after the detonation of a weapon of mass destruction and fire departments have only enough radios for half the firefighters on a shift. And yet the Bush budget includes a net cut in first responder funding within the Department of Homeland Security of \$302 million, or 7 percent. This net cut is the result of slashing first responder formula-based grants by \$480 million, or 32 percent, and slashing the separate Firefighter Grant program by \$215 million, or 30 percent – somewhat offset by an increase in the first responder urban-areas grant program.

Slashes aid to state and local law enforcement within the Justice Department. Progress in reducing crime against African Americans was in part born out of community policing funded through the COPS community oriented policing service program. But the Bush budget undermines that progress; it eliminates the \$626 million Byrne Justice Assistance Grant program (which consolidated Byrne Grants with the Local Law Enforcement Block Grant in FY 2005) and slashes the COPS program by 96 percent, which provides grants and other assistance to help communities hire, train, and retain police officers and improve law enforcement technologies.

Slashes juvenile justice and delinquency prevention programs. The President's budget slashes juvenile justice and delinquency prevention programs by 46 percent, including eliminating the \$54 million Juvenile Accountability Block Grant program, which funds gang and youth violence reduction initiatives. These programs to prevent juvenile crime are important to the African American community, as 31 percent of juveniles in juvenile court are African American.

Social Security

Social Security plays a key role in the life of African American seniors. There are 4.7 million African Americans who receive Social Security benefits, and Social Security provides about three-quarters of all retirement income for African American seniors, and 40 percent of African American seniors rely on Social Security for all of their income.

Republican Social Security privatization would hit the African American community especially hard, since African Americans rely on Social Security for retirement and economic security. Social Security is crucial to economic independence of seniors who have worked hard and paid taxes all of their life – providing a progressive benefit that guarantees retirement security. Without Social Security, poverty rates for African American seniors would more than double to 58 percent. So the benefit cuts required to finance Social Security privatization would hit African American hard. The non-partisan General Accounting Office has certified that because Social Security benefits are progressive and provide economic security when a family is struck with death or disability, they are a good deal for African Americans. Nearly half of African Americans on Social Security receive disability or survivor benefits. So Democrats want to make sure that Social Security is strengthened and protected. Democrats stand ready to address the challenges facing Social Security, but the President must put forward a proposal that is fiscally responsible, fair, and does not slash the guaranteed benefits of Social Security.

Demonstrates a failure to lead on Social Security. Despite the fact that the President has called his proposal to privatize Social Security his top domestic priority this year, his budget includes no details on his plan. Bush plan would add nearly \$5 trillion dollars to the debt over 20 years -- forcing us to borrow even more from foreign countries, like China and Japan -- while cutting Social benefits for future retirees by more than 40 percent. This failure to provide a clear and honest accounting of the difficult trade-offs between increases in the debt, benefit cuts, and tax increases necessary for the White House's privatization proposal is a failure of leadership.

Republican Budget continues the raid on the Social Security Trust Fund. In 2001, Republicans promised to save every dollar of the Social Security surplus. But the new budget continues the raid on Social Security, borrowing and spending all of the money (\$2.6 trillion) from the Trust Fund over the next 10 years. This is on top of the more than \$600 billion of the Social Security surplus that Republicans have used to help finance deficits and pay for tax cuts over the last four years.

Civil Rights

This year, the nation will celebrate the 40th Anniversary of the Voting Rights Act.

Election Reform. In its budget for FY 2006, the Bush Administration does not propose any additional funding for election reform grants to the states, even though there is an \$800 million shortfall from the \$3.8 billion authorized in the Help America Vote Act to ensure that every vote is accurately counted. These funds are used to upgrade voting systems, develop electronic voting registration lists, and train election officials. Even during the 2004, there were voting problems that led to lines of 10 hours or more that disenfranchised scores if not hundreds of thousands of predominantly minority and Democratic voters. The 2006 budget does include \$17.6 million for the Election Assistance Commission to develop voluntary standards and initiate an accreditation program for electronic voting machines, and \$15 million in access grants to the states to help make polling places accessible for disabled voters.

Civil Rights Enforcement. The Bush budget cuts Fair Housing and Equal Opportunity Activities by 15 percent. It also freezes funding for the Commission on Civil Rights at the 2005 level, and fails provide resources for the Equal Employment Opportunity Commission to keep pace with inflation.

Cuts Legal Services Corporation. The President's budget cuts the Legal Services Corporation by \$13 million below the 2005 level. The Legal Services Corporation is the key mechanism to provide legal services to low-income Americans in more than 1 million cases including domestic violence, child custody, evictions, access to health care, bankruptcy, unemployment and disability claims. About 27 percent of those currently served by the Legal Services Corporation are African American, and yet Legal Services Corporation is force to deny 80 percent of eligible clients who need legal assistance. ("**Serving the Civil Legal Needs of Low-Income Americans: A Special Report to Congress,**" April 30, 2000)

Child Care, Food Stamps and Energy Assistance

Nearly 25 percent of African Americans live in poverty. And yet the President continues down a morally irresponsible path of cutting programs that help the neediest in our society instead of fulfilling his rhetoric of compassionate conservatism.

Increases child care waiting lists by hundreds of thousands. The Child Care and Development Block Grant provides child care assistance for low income families and early education services to our country's most disadvantaged children. In many states, waiting lists for this assistance are tens of thousands of families long. The Bush budget freezes funding for this program for the fourth consecutive year and cuts child care assistance by 300,000 children by FY 2010. Child care assistance is critical to enabling people to transition from welfare to work.

Tightens eligibility for Food Stamps. The President's budget proposes to cut the Food Stamp program by \$1.1 billion over ten years by cutting more than 300,000 low-income people off the program in an average month. (**Center on Budget and Policy Priorities, 3/4/05**) Specifically, the Bush Administration budget proposes stricter eligibility rules for Food Stamps, making it more difficult for certain low-income families receiving TANF non-cash assistance (such as child care, education, training) to qualify for Food Stamps. It would deny them Food Stamps even though their net income (after deducting child care expenses) is below poverty, because their gross income is above 130 percent of poverty or they have assets above \$2,000. This would hit African American families and children hard. According to USDA, 35 percent of Food Stamp recipients were African-American. Further, African Americans are twice as likely to need Food Stamps some time between the ages of 20 and 65, compared to white Americans. (**Journal of Nutrition Education and Behavior, December 2004**)

Cuts Low-Income Energy Assistance. The budget cuts the Low Income Home Energy Assistance Program by \$182 million, or 8.3 percent, below the 2005 level (including contingency funding), even though LIHEAP provides help with energy bills to about 4.5 million households each year.

Housing

Home ownership for African Americans is 48% compared to 72% for White Americans and African Americans are more than two times more likely to be denied a mortgage and more than two times more likely to receive predatory loans. Lack of affordable housing is a big problem for African American families. About 31 percent of African Americans spend more than one-third of their income on housing. But, rather than making more affordable housing available, the President's budget makes many cuts in public housing, even though these funds are critical to make it possible for 1.7 million low-income families to have shelter. More than 45 percent of public housing residents are African American. **(HUD's Multifamily Characteristics Report)**

Eliminates funding for rehabilitation of distressed public housing. For the third year in a row, the budget proposes to eliminate funding for HOPE VI, a program that has successfully transformed severely distressed public housing projects into vibrant mixed-income neighborhoods. This program was funded at \$570 million in 2003 but only \$149 million in 2004 and \$143 in 2005.

Public Housing Drug Elimination Program. The President's budget eliminates the drug elimination grants for low-income housing, and cancels the remaining funding available for that program.

Cuts Lead Paint Abatement. The President's budget cuts funding for lead paint abatement by 29 percent, despite the fact that African-American children are five times more likely to suffer from lead poisoning than white children, and 22 percent of African-American children living in older housing are lead poisoned.

Veterans

There are 2.5 million African American veterans. The budget raises health care costs for 2.2 million veterans, imposing new co-payments on prescription drugs and enrollment fees that will cost about \$2 billion over five years. It shortchanges veterans' health care programs, providing \$3.5 billion less than veterans' service organizations believe is needed, even as America welcomes a new generation of veterans home from Iraq and Afghanistan.

Proposes new increases in the cost of veterans' health care. The budget raises health care costs for 2.2 million veterans, imposing increased co-payments on prescription drugs and new enrollment fees that will cost veterans more than \$2 billion over five years. According to the Administration's own figures, this will result in driving 213,000 veterans out of the system.

Fails to provide meaningful investment in veterans' health care. As America continues to welcome a new generation of veterans home from Iraq and Afghanistan, the President's budget shortchanges veterans' health care programs. It provides only \$106 million more than last year – \$3.5 billion less than veterans service organizations believe is needed. Republicans have tried to mask the cut with new fees on the backs of the veterans, as well as so-called "management efficiencies" that seem to be coming at the expense of access to care. Without the fees, the President's budget provides \$762 million less than the Congressional Budget Office says is needed to maintain current services for veterans' health care and other discretionary programs. Because of this cut, the number of medical personnel serving our veterans would drop by 3,000, mostly nurses. And, over five years, the budget for veterans programs, primarily health care, is \$15 billion below the amount needed to maintain services at current levels.

Decimates nursing homes for veterans. The budget proposal slashes \$351 million from veterans' nursing homes by serving 28,000 fewer patients and virtually eliminates state grants. This proposal will limit any VA-provided or sponsored nursing homes to only the most highly service-connected disabled veterans and those with short-term needs, and eliminate more than half of the people currently funded in payment for state homes. These cuts will leave older and disabled veterans with no place to go.

Fails to fund the increase in the death benefit. The budget fails to include funding for the promised increase in death benefits for families of the servicemen and women who are killed in action. Although funding may be included in the upcoming supplemental, those funds will only cover fiscal year 2005. Our efforts overseas will not end with the fiscal year on September 30, 2005— and so should this funding.

Environment

Like all Americans, African Americans are concerned about clean air and clean water. They also want to protect the natural beauty of the parks and land where they can spend time with their families and to preserve these precious resources for their children and grandchildren.

Weakens Clean Air and Clean Water Enforcement. Instead of addressing these priorities, the President's budget cuts EPA funding by 6 percent on top of the 4 percent EPA cut that the Republican Congress enacted last year. This will have the effect of weakening enforcement of the clean air and clean water laws. It also slashes Clean Water funds by 37 percent and freezes funding for safe drinking water, and shortchanges national parks. These cuts are unthinkable given that over seven million African Americans live in counties with dangerously polluted air – resulting in asthma being 26 percent more prevalent among in African American children than white children. (Source: Air of Injustice: African Americans and Power Plant Pollution, by Black Leadership Forum, Clear the Air, Georgia Coalition for the People's Agenda; http://www.earthdaycoalition.org/what_is_eq/air.html)

Abandons the principle of “polluter pays” for Superfund toxic waste site cleanups. One in four people in America lives within four miles of a major toxic waste site on the “Superfund” list, but the number of annual Superfund cleanups has dropped by almost 50 percent since the beginning of the Bush Administration. The Bush budget is proposing only \$1.28 billion for Superfund cleanups in 2006, which will continue the slow pace and continue to shift the cost of these cleanups onto the taxpayers. These clean-ups are important as there is a disproportionate share of toxic waste sites in black and latino communities, with African Americans heavily concentrated in cities with the largest number of abandoned toxic waste sites, such as Memphis, St. Louis, Houston, Cleveland, Chicago, and Atlanta. (Source: <http://cbcfhealth.org/content/contentID/1107>)

House Budget is Worse than the President's

On March 17, the House of Representatives passed a budget resolution (H.Con.Res. 95) by a vote of 218 to 214. The measure generally follows the President's budget, but in some respects is even worse – particularly for minorities. That is because it calls for greater cuts in Medicaid, Food Stamps, and other programs that help families struggling to get into the middle class.

GOP budget includes even deeper cuts in Medicaid than the President's budget. The GOP budget resolution directs spending cuts of \$20 billion over five years -- the bulk or all of which will fall on Medicaid. This \$20 billion cut is nearly three times the net Medicaid health care cut in the Bush budget. This cut of up to \$20 billion would have a devastating impact on the almost 60 million children, elderly and people with disabilities who rely on the program. The end result of the proposed cuts will be a shift in costs to states and beneficiaries, payment cuts for providers, which will undermine their ability to provide care, and an increase in the number of the uninsured. There are 7.3 million African Americans without health insurance and millions more who can barely afford to pay their premiums, and more than 5 million African American children get health care through Medicaid. (Census, 8/2004)

GOP budget cuts Food Stamps. The budget resolution requires a cut of more than \$5 billion over five years from programs under the Agriculture Committee. (The President's Agriculture Committee budget proposals reduce spending by a total of \$9 billion over five years, mostly through reductions in farm subsidies.) Food stamps would likely bear the brunt of the cuts, because this program accounts for more than half of the spending under the Committee's jurisdiction, and there is widespread reluctance in Congress to open up the issue of cutting farm subsidies which makes up the remaining spending. Cutting \$5 billion from Food Stamps would mean eliminating eligibility for some low-income households or reducing benefit amounts below the current average of \$1 per person per meal. The President's budget cuts Food Stamps by about \$1 billion over 10 years, which would cut more than 300,000 low-income people off the program in an average month. (Center on Budget and Policy Priorities, 3/4/05) According to USDA, 35 percent of Food Stamp recipients were African-American. African Americans are twice as likely to need Food Stamps some time between the ages of 20 and 65, compared to white Americans. (Journal of Nutrition Education and Behavior, December 2004)

Harm those struggling to get into the middle class with tax increases or cuts to critical programs. The budget resolution requires cuts of \$18.7 billion over the next five years in programs for working families, including EITC. Aside from Medicare and Social Security, almost all of the programs subject to this cut provide income security for the vulnerable, such as low-income elderly, the disabled, children, and unemployed and low-wage workers. These programs include the Earned Income Tax Credit, Child Tax Credit, unemployment benefits, Supplemental Security Income benefits for low-income elderly and disabled, Temporary Assistance for Needy Families, and foster care. The President and several key Republican lawmakers have said they do not want changes to Medicare this year. If Medicare is "off the table," then nearly all of the \$19 billion in cuts would have to be achieved by reducing supports for low-income populations.

The Congressional Black Caucus Budget Substitute

Closing Disparities in America's Communities and Restoring Fiscal Responsibility

This year, the CBC offered a budget substitute that received bipartisan support and garnered the most votes ever (134). If adopted, the CBC budget would have:

INCREASED SECURITY

- Protected our troops** in Iraq by providing them with body armor, vehicle armor, and personal support equipment.
- Increased Homeland Security** by funding rail and port security grants, cargo and air cargo screening equipment, first responders, communications systems for first responders, federal air marshals, and the U.S. Centers for Disease Control and Prevention.
- Made local communities more secure** by funding juvenile justice and prisoner re-entry programs.
- Restored cuts in veterans' health care**, provide enhanced benefits to our veterans in survivor benefits, medical and prosthetic research, long-term care, and mental health care.

INVESTED IN OUR FUTURE

- Fully funded No Child Left Behind.**
- Funded school construction** and increased funding for education and job training programs.
- Provided funding for the minority health initiative**, supported child nutrition programs, funded job creation programs under the SBA, funded community and regional development, and supported a variety of housing programs.

ENSURED FISCAL RESPONSIBILITY

- Reduced the deficit by \$167 billion** over the House majority's budget over the next five years, which meant a **reduction of \$27 billion in interest payments** compared to the House majority's budget.