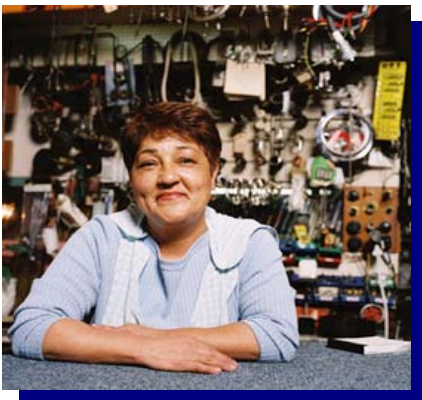


# The Bush Budget: Out of Step with the Values of Hispanic Americans



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

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# Introduction

There are nearly 40 million Hispanics in the United States; more than 19 million are in the labor force making contributions to our nation's prosperity and economic growth. These families also have strengthened the moral fabric of our society through their commitment to family and community.

Unfortunately, the Bush budget ignores the very real challenges that America's families are facing, particularly Hispanic 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 – denying our children, our grandchildren, and our future generations the tools needed to get ahead in our competitive world.

The Bush budget shortchanges a number of key priorities that are particularly important to our nation's Hispanic families and their access to a better future. It slashes job training, while at the same time closing the door to college. It continues the Republican raid on Social Security, while refusing to acknowledge the cost of the Republican Social Security privatization scheme. The budget would slash health care funding for children, the elderly, and people with disabilities, making it harder to afford nursing home care, instead of making health care affordable for millions of Americans. The budget also slashes community revitalization efforts. All this in order to pay for a tax break for the wealthy few that will saddle the next generation with debt, threatening long-term economic growth.

This report goes in-depth and examines the Bush budget and its effect on the Hispanic community in the following areas:

- Jobs and the Economy (p. 4)
- Education (p. 7)
- Health Care (p. 10)
- Law Enforcement/Homeland Security (p. 11)
- Veterans (p. 12)
- Social Security (p. 13)
- Civil Rights (p. 13)
- Low-Income Programs (p. 14)
- Housing (p. 14)
- Environment (p. 15)

It also explains how the budget passed by the House of Representatives is even worse than the President's budget. (p. 16)

Democrats are fighting to restore fiscal responsibility and hold those in power accountable for their actions. We are committed to upholding our shared values that are the foundation of a strong and secure middle class: safety and national security, prosperity, community, fairness, accountability and opportunity.

# Executive Summary

**No action on job creation, with 1.1 million Hispanic workers still looking for a job.** The budget squanders an additional \$1.6 trillion over the next 10 years on additional tax cuts for the wealthy, but does little to create good-paying jobs here at home. In fact, those tax cuts squeeze out a range of programs to help create new opportunities, support strong national security, and restore prosperity.

**Cuts funding for small businesses and denies job training opportunities.** There are more than 1 million Hispanic-owned small businesses. The Bush budget cuts funding for the Small Business Administration, which helps minority-owned small businesses grow, by \$85 million from last year's proposal, including eliminating Microloans to start up newly established and growing small businesses. The Bush Administration shortchanges the job training needed to create new opportunities, including proposing to eliminate funding for the National Farmworker Job Program.

**Leaves veterans and our troops behind.** There are more than 1.1 million Hispanic veterans. Latinos are the most decorated group in the U.S. armed forces, and have won the most medals for outstanding military service. The budget raises health care costs for 2.2 million veterans, while providing \$3.5 billion less than veterans' organizations believe is needed, even as America welcomes a new generation of veterans home from Iraq and Afghanistan. The budget also fails to include funding for the promised increase in death benefits for families of servicemen and women who are killed in action.

**Cuts funding for first responders.** More than 80,000 Hispanics stand on the front-lines around the country as police officers, firefighters, and first responders. Police departments nationwide do not have the protective gear to safely secure a site after the detonation of a weapon of mass destruction. The budget includes a net cut in first responder funding within the Department of Homeland Security of \$302 million, and slashes aid to state and local law enforcement.

**Breaks the promise of a better education.** More than 25 percent of Hispanic students drop out of high school, but the budget eliminates funding for dropout prevention programs. It provides 33 percent less for education than was promised in the No Child Left Behind Act, leaving 3 million children without the help with reading and math that they were promised under Title I, cuts Education Department funding below this year's level, and freezes funding for bilingual education, even though the number of students with limited English proficiency is growing rapidly.

**Guts Head Start and Eliminates Even Start.** There are 324,700 Hispanic children being served through Head Start, including thousands of children of migrant workers, but the President's budget eliminates the comprehensive educational, health, and nutrition services that children in this program currently receive. In addition, the 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. It also eliminates the Even Start program, which integrates early childhood education, adult literacy, and parenting education into a unified family literacy program for 23,000 Hispanic families.

**Eliminates help to succeed in high school and college.** Only 11 percent of Hispanic American adults have their bachelor's degree, and yet the budget completely eliminates the \$306 million GEAR-UP, \$313 million Upward Bound, and \$150 million Talent Search programs, eliminating the support that nearly 2 million students need to make it to college. Despite nationwide increases in the cost of college, the Bush Administration has broken their promise to raise the maximum Pell Grant to \$5,100, instead proposing to force the typical student borrower to pay an additional \$5,500 for their college loans.

**Fails to make healthcare affordable.** There are over 13 million Hispanic Americans without health insurance and millions more who can barely afford to pay their premiums. The President's budget includes a net cut of \$45 billion from Medicaid. This cut would decimate health care funding for children, the elderly, and people with disabilities, and make it even harder for families to afford nursing home care. These cuts will shift costs to states and beneficiaries, cut payments for providers, and increase the number of the uninsured.

**The Republican budget 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. He has failed to provide a clear and honest accounting of the difficult trade-offs between increases in the debt, benefit cuts, and tax increases necessary to fund the Republican privatization proposal. Nearly 2.3 million Hispanics receive Social Security benefits and over 75 percent of Hispanic beneficiaries rely on Social Security for a majority of their income. 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.

**Slashes programs for revitalizing communities.** The 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.

**And the House-passed budget resolution is even worse than the President's budget.** 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 Hispanics is 5.7 percent in March, with 1.1 million Hispanics looking for work. **(Bureau of Labor Statistics, 3/04)** The rate remains 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 Hispanics worker is consistently more than \$130 less than white workers with similar education.

**No action on job creation, with 1.1 million Hispanics still seeking work.** The unemployment rate among Hispanics was 5.7 percent last month. 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 \$1.6 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 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 Hispanic 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 the President's 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 Hispanics in the United States. There are more than 1 million Hispanic-owned small businesses. **(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 to 2.8 million firms over the 1990s. **(Census Bureau, 7/12/01)** Latina small business owners make up one of the fastest growing segments of the economy. And yet, 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.

Despite the importance of small business to growth in our economy and to the Hispanic community, the President's budget cuts funding for the Small Business Administration, which helps more than 250,000 Hispanic-owned small businesses, by \$85 million from last year's proposal. **(NCLR, 3/05)** Further, the SBA budget is only half of what it was when President Bush first took office, receiving \$100 million less each year.

This makes it one of the hardest hit agencies under the President's budget. According to the Small Business Committee, 50 small business programs are slated for termination or reduced funding under the President's budget, with an average reduction of 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 budget's increased fees 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 a large gap 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;
- Eliminating funding for the SBIC Participating Securities Program, which made more than 2,000 investments totaling more than \$1.4 billion in small businesses last year; 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 Hispanic 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 Hispanic Americans have an unemployment rate of 19 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.

**Cuts Job Corps and job training for migrant farmworkers.** Latinos make up 19 percent of Job Corps participants, and the Job Corps program has a proven record in helping youth attain their GEDs. However, the President's budget cuts the Job Corps by 2 percent from last year. For the third year in a row, the Bush budget proposes to eliminate funding for the National Farmworker Job Program, which successfully provides training and other services for 25,000 agricultural workers.

**No help for Hispanics 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 by December 2004, Latinos had lost 13.8 percent of the manufacturing jobs that they held in February 2001. (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 Hispanics as the construction industry is one of the few sources of new good-paying jobs. Latinos experienced a dramatic increase in employment within construction jobs by gaining 72.7 percent more construction jobs by December 2004. (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, Hispanics, African Americans, 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 budget eliminates the CDFI, which provides grants and loans to promote investment in economically distressed areas. 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 46 percent of Hispanic children had computers in their households, compared to 75 percent of white children. (U.S. Census Bureau, Home Computers and Internet Use in the United States: September 2001)

## Shortchanges Public Education & College Opportunities

Education is the key to opportunity in America. Hispanics make up 8.4 million of the children enrolled in elementary and secondary schools, and the number of Hispanic school aged children is expected to grow 45 percent to 16 million in the next 15 years. (Pew Hispanic Center, 1/2005) And yet, schools with high concentrations of Latino students often lack adequate funding and have less qualified teachers. For example, schools serving Hispanic and other disadvantaged students spent on average \$966 less per student in 2000 than schools with fewer children from low-income homes. (Education Trust, August 2002) The result is that Latino students lag behind their elementary school peers in reading, math, and science proficiency, as well as in standardized tests. More than 40 percent of Hispanics over the age of 25 did not have a high school education in 2000. Roughly only one in two Latinos currently graduate from high school with diplomas. (Urban Institute, 2004)

**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 about 24 percent. 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 Hispanics." (New York Times, Bob Hebert, 2/13/03; FightCrime.org, 2/3/03)

**Eliminates School Dropout Program.** Over 27 percent of Hispanic students drop out of high school each year and fail to earn a GED, 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.

**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 – nearly half are Hispanic.

**Freezes bilingual education.** The Bush budget freezes funding for bilingual education for the second year in a row, bringing funding for the program to \$7 million below three years ago, even though the number of students with limited English proficiency has doubled in the last 10 years to over 5 million children.

**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.

**Guts Head Start.** There are 324,700 Hispanic children being served through Head Start, including thousands of children of migrant workers, but the President's budget eliminates the comprehensive educational, health, and nutrition services that children in this program currently receive. In addition, the 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. This is particularly difficult for the Migrant and Seasonal Head Start program, which only serves 19 percent of the 161,000 eligible children of migrant and seasonal farm workers.

**Freezes Migrant Education Programs.** The President's budget fails to provide any increase in Title I grants to states that help fund extra reading and math help for children of migrant and seasonal workers, and keeps funding at 2 percent less than it was four years ago.

**Parent Assistance.** The President's budget eliminates the Parental Assistance Program, which gives parents accurate information regarding the performance and environment of their children's schools, even though only 38 percent of Latino parents believe that schools are adequately providing this information. (NCLR, 3/05) This program gives parents the tools they need to hold their schools accountable and allows them to make more informed decisions about their children's education.

**HEP/CAMP.** The Bush budget provides no increase in funding for the High School Equivalent Program/College Assistance Migrant Program (HEP/CAMP) to prevent high school dropouts and keep students in college through their first year, and keeps funding to 20 percent less than it was three years ago.

**Jeopardizes college attendance for nearly 2 million 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 will lose the support they need to make it to college. Latinos constitute 30 percent of GEAR UP participants (National Evaluation of GEAR UP, Education Department, 2003) and 19 percent of the 455,000 students in Talent Search and Upward Bound.

**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.

**Breaks promise to raise the maximum Pell Grant to \$5,100.** Only one in 10 Hispanic Americans attends college and only 11 percent of Hispanic adults over 25 have their bachelor's degree. Pell Grants are key to helping Hispanic young people attend college. 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.

**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.

**Hispanic Serving Institutions.** The budget proposes only a 1 percent increase for Hispanic Serving Institutions – not even enough to keep pace with education inflation. This constitutes the smallest increase in HSI funding in seven years. Since Hispanics form one of the fastest growing groups of students in higher education and almost half of Hispanic undergraduates are at HSIs, it would take a more adequate increase in HSI funding to meet the needs of this student population.

**Cuts Adult Education and English as a Second Language Programs by two-thirds.** The White House slashes funding for Adult Education, which provides literacy, English as a Second Language, and high school equivalency to adult learners across the country by \$370 million. The Latinos who benefit from these programs are the parents of the school children targeted in No Child Left Behind. Raising the level of educational attainment of the parents lifts the entire family.

**Eliminates vocational education.** The Bush budget completely eliminates the \$1.3 billion vocational education program, destroying innovative career and technical education programs for students attending high school and community college. Eliminating vocational education cuts off a pipeline to job opportunities in emerging fields such as telecommunications and health care for millions of students.

## Health Care

Access and affordability of health care is a critical issue for Hispanics. There are over 13 million Hispanic Americans without health insurance and millions more who can barely afford to pay their premiums. (*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, almost one in three Hispanic children get health care through Medicaid. (*Health Insurance Coverage in American, the Kaiser Commission on Medicaid and the Uninsured, 11/2004*) Almost one-third of all Hispanics age 65 and over receive health care from Medicaid. (*Health, United States, 2004. Department of Health and Human Services, National Center for Health Statistics, 2004*)

**Fails to make healthcare affordable for middle-class families.** More than 32 percent of Hispanics do not have health insurance and millions more who can barely afford to pay their premiums. And yet the Bush budget does nothing to hold down health care 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 vital for many Hispanics, with nine million Hispanics receiving health care through Medicaid. (*Census, 8/2004*)

**Does nothing to truly make prescription drugs affordable for the three million Hispanics on Medicare.** About three million Hispanic Americans receive their health care through Medicare. Although the Bush budget includes billions of dollars in subsidies for HMOs participating in the new prescription drug program, the GOP Medicare prescription drug bill 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. That is critical as Latinos represent only 3.3 percent of physicians and 2 percent of the nation’s registered nurses. 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 2002, Hispanics accounted for 20 percent of the new HIV infections in the United States, with Hispanics having the second highest rate of new diagnoses. (Centers for Disease Control <http://www.cdc.gov/hiv/pubs/facts/>) 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 Hispanics are almost twice as likely to die from diabetes as white people are, and they have higher rates of high blood pressure and obesity than do white people, 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, and educational efforts focusing on health concerns in racial and ethnic minority communities.

**Cuts Substance Abuse and Mental Health Services.** Less than one in four Latinos with mental health problems is receiving the appropriate care, and yet the President's budget cuts funding for the Substance Abuse and Mental Health Service Administration (SAMHSA) by 2 percent from last year.

## **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 Hispanics dropped 56 percent during the 1990s. (Bureau of Justice Statistics, 10/04) Unfortunately, the Bush budget takes us in the wrong direction on these issues.

**Significantly cuts funding available to police, firefighters, and medics.** More than 80,000 Hispanics stand on the front-lines around the country as police officers, firefighters, and first responders. 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 Hispanics 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.

## Veterans

There are more than 1.1 million Hispanic veterans. Latinos are the most decorated group in the U.S. armed forces, and have won the most medals for outstanding military service. And yet the President's 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 veterans, as well as so-called “management efficiencies” that are 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. Hispanic veterans are more reliant on VA for health care than others -- with 12 percent reporting it as their only source of health care.

**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 state nursing 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 this funding should not end as well.

## Social Security

Social Security plays a key role in the life of Hispanic seniors and their families. Nearly 2.3 million Hispanics receive Social Security benefits. Over 75 percent of Hispanic beneficiaries rely on Social Security for a majority of their income, and 41 percent of Hispanic beneficiaries rely on Social Security for all of their income.

**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.

**Republican Social Security privatization would hit the Hispanic community especially hard, since Hispanics 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 Hispanic seniors would more than triple to 55 percent. So the benefit cuts required to finance Social Security privatization would hit Hispanics hard. The non-partisan Government Accountability Office has certified that because Social Security benefits are progressive and provide economic security if families have workers who become disabled, they are a good deal for Hispanics. Social Security privatization, and the diversion of income from current beneficiaries into private individual accounts, abandons the value shared among Latino families that children take responsibility to care for their elderly parents and grandparents. 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.

**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. The Bush plan would add nearly \$5 trillion to the debt over 20 years while cutting Social Security 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.

## Civil Rights

**Civil Rights Enforcement.** The Bush budget cuts Fair Housing and Equal Opportunity Activities by 15 percent, even though 27 percent of Hispanic renters and 20 percent of Hispanic home buyers experienced some level of discrimination while looking for a house. (**Discrimination in Metropolitan Housing Markets, Housing and Urban Development Department, 2002**) It also freezes funding for the Commission on Civil Rights at the 2005 level, and fails to 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. Almost 30 percent of those currently served by the Legal Services Corporation are Hispanic, and Legal Services Corporation is forced to deny 80 percent of eligible clients needed legal assistance. (“**Serving the Civil Legal Needs of Low-Income Americans: A Special Report to Congress,**” April 30, 2000]

## **Low-Income Programs**

**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. This assistance is important to Latino families as Latino families with children under 12 make up 29 percent of all low-income families. (NCLR, 3/2005)

**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 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 Hispanic families and children hard. According to USDA, 18 percent of Food Stamp recipients are Hispanics.

**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 Hispanics is 48% compared to 72% for White Americans and Hispanics are more than two times more likely to be denied a mortgage. Lack of affordable housing is a big problem for Hispanic families. About two-thirds of Hispanics 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, and other housing programs.

**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 million in 2005.

**Fails to make up for cuts to Section 8 Housing Vouchers from last year.** This year, the number of low-income families that state and local housing agencies will be able to assist this year is about 80,000 below the number that could have been assisted if Congress had provided adequate funding. And yet, the funding in the President’s budget proposes for 2006 would be sufficient to restore only

half of the vouchers cut in 2005. This restoration would likely be temporary, however, since the budget also calls for sharp cuts in funding for housing programs in years after 2006, and the reductions could cause the number of families with vouchers to drop by 370,000 by 2010. (CBPP)

**Cuts public housing by 9 percent.** The President's budget cuts public housing by \$555 million in FY 2006, even though there is a \$20 billion backlog in unmet capital needs in public housing and these funds are critical to make it possible for 1.7 million low-income families to have shelter. Nearly 20 percent of public housing residents are Hispanic. (HUD's Multifamily Characteristics Report) Over the last four years, federal funding for public housing has been reduced by over \$1 billion.

**Cuts housing counseling by 5 percent.** Under the Bush budget, HUD's housing counseling programs would be cut by nearly 5 percent and are inadequate to reach the housing goals President Bush has identified. These programs enable families to receive the assistance they need in preparing to purchase a home and avoid the predatory practices of unscrupulous lenders.

**Cuts lead paint abatement.** The President's budget cuts funding for lead paint abatement by 29 percent, despite the fact that Hispanic children are two times more likely to suffer from lead poisoning than white children.

**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.

## Environment

**Weakens Clean Air and Clean Water Enforcement.** Like all Americans, Hispanics 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. 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 very damaging given that more than 70 percent of Hispanics live in counties that violated federal air pollution standards, while the incidence of asthma in the Latino community is reaching epidemic proportions. (LULAC, 7/2004)

**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.



# 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 more than 13 million Hispanics without health insurance, and more than one in three Hispanic 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, 18 percent of Food Stamp recipients are Hispanic.

**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.