

HOUSE BUDGET COMMITTEE

Democratic Caucus

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

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Fact Sheets for House Consideration of the 2005 Budget

	Page
Top Reasons to Support the Democratic Budget	1
Top Reasons to Oppose the Republican Budget	3
Democratic Budget Beats Republican Budget Across the Board	5
Democrats More Fiscally Responsible Than Republicans	7
The Republican Budget Cuts Domestic Appropriations	9
Republican Tax Cuts Threaten Social Security	11
Republican Budget Increases the Debt Tax	13
The Economy Slumps Under this Administration	15
Republicans Fail on Education	17
Republican Budget For Veterans: Time Again for More Sacrifice	19
Republicans Ignore Environmental Needs	21
Republicans Weaken Programs for Working Families	23
Republican Budget Neglects Nation's Health Care Needs	25
Democrats Do More for Homeland Security	27

Top Reasons to Support the Democratic Budget

- ***Brings the Budget Back to Balance*** — The Democratic budget achieves balance within eight years through realistic policy choices that protect funding for key services. The Democratic budget also has a better bottom line than the Republican budget every year, meaning a smaller national debt and fewer resources wasted paying interest on the national debt. By contrast, Republicans have no plan to bring the budget back to balance, and their budget refuses even to show how large deficits will be after 2009. Chronic deficits crowd out private borrowing, run up interest rates, and slow down economic growth.
- ***Provides Meaningful Budget Enforcement Tools to Protect Social Security*** — The Democratic budget includes a balanced “pay-as-you-go” budget enforcement system, which requires that future tax cuts and mandatory spending initiatives be paid for without adding to the deficit. By contrast, Republicans support a system rejected even by Alan Greenspan that would create a huge loophole for an unlimited amount of most tax cuts, regardless of their effect on the deficit. Getting ready for the retirement of the first baby boomers in just four years requires digging out of the deficit hole, not creating loopholes that would allow for even larger deficits, as Republicans propose.
- ***Invests in Meaningful Job Creation*** — The Democratic budget restores the President’s cuts to small business loans, job training, and the Manufacturing Extension Partnership program. The Democratic budget also extends temporary federal unemployment benefits for workers looking for jobs at a time of inadequate job creation. By contrast, the Republican budget merely continues the same failed economic policies that have been in place since 2001, during which time the economy has lost 3.0 million private-sector jobs — the worst performance for any President since Herbert Hoover.
- ***Democrats Provide Middle-Class Tax Relief*** — The Democratic budget accommodates the extension of marriage-penalty relief, the child tax credit, and the ten percent individual income tax bracket. These tax cuts provide relief to middle-class families whose incomes have stagnated under the current administration’s economic policies.
- ***Democrats Do More for Education*** — The Democratic budget provides \$2.1 billion more for appropriated education and training programs than the Republican budget for 2005 and \$9.8 billion more over the next five years. The Democratic budget also provides \$3.7 billion in mandatory funding to make up the current shortfall in funding for Pell grants and additional funding to make college loans cheaper for students. By contrast, the Republican budget provides insufficient resources for education — from No Child Left Behind to Pell grants, to the Individuals with Disabilities Education Act (IDEA).

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- ***Democrats Do More for Veterans*** — The Democratic budget provides \$1.3 billion more than the Republican budget for veterans programs for 2005 and \$6.6 billion more over five years. Though House Republicans may tout the fact that their budget contains more veterans appropriations than the President's budget, the Republican budget still provides \$1.3 billion less than what the Veterans' Affairs Committee recommended — on a bipartisan basis — for these vital veterans health care programs.
- ***Democrats Do More to Protect the Environment*** — The Democratic budget provides \$2.2 billion more than Republican budget for environmental protection for 2005, and \$17.0 billion more over the next five years. By contrast, the Republican budget keeps funding for environmental protection appropriations below the 2004 enacted level for every year in their budget. These cuts will undermine our ability to ensure clean air and safe drinking water and to clean up toxic waste sites.
- ***Democrats Protect the Nation's Health*** — The Democratic budget blocks Republican cuts to Medicaid, fully funds health coverage for disabled children under the Family Opportunity Act, and restores \$1.15 billion in funds for the State Children's Health Insurance Program (SCHIP) that the Republican budget allows to expire. The Democratic budget also restores the \$1.1 billion cut by the Republican budget for public health programs.
- ***Democrats Provide More for Homeland Security*** — The Democratic budget provides \$5 billion more than the President's budget over the next five years for homeland security. By contrast, the Republican budget cuts homeland security even below the President's request for 2005-2009, and provides no resources to address the President's cuts to first responders and port security grants. At a time when our nation continues to face threats to homeland security, Congress should not redirect resources from homeland security to tax cuts.

Top Reasons to Oppose the Republican Budget

- ***Makes the Growing Deficit Worse*** — After three years of Republican stewardship, a projected ten-year surplus of \$5.6 trillion has turned into a projected deficit of \$2.9 trillion — an \$8.5 trillion reversal. The Republican budget digs the hole deeper, with a deficit of \$377 billion for 2005 and annual deficits of at least \$235 billion for every year thereafter. Republicans may claim that their budget cuts the deficit in half, but in fact their budget adds \$247 billion to the deficit over the next five years. Republicans have no plan to bring the budget back to balance, and their budget even refuses to show how large deficits will be after 2009.
- ***Fails to Protect Social Security*** — The Republican budget spends the entire \$1.0 trillion Social Security surplus from 2005 to 2009, despite repeated promises not to spend a penny of it. Though the President and House Republican leaders have indicated their intention to make the President's tax cuts permanent, their budget refuses to show the consequences after 2009. But Alan Greenspan recently testified that if Republicans want to make their tax cuts permanent, they will have to consider cuts in entitlement programs such as Social Security. Meanwhile, the total cost of the Republicans' tax cut agenda is more than enough to make Social Security and Medicare solvent for the next 75 years.
- ***Offers More of the Same Failed Economic Policies*** — Since President Bush took office in 2001, the economy has lost 3.0 million private-sector jobs — the worst performance for any President since Herbert Hoover. Yet, the Republican budget merely continues the same failed economic policies that have been in place since 2001. The Republican budget essentially mirrors the policies in the President's budget, which the nonpartisan Congressional Budget Office recently concluded would have at best a small impact on the economy over the next five years.
- ***Underfunds Domestic Priorities*** — The Republican budget essentially freezes 2005 funding for domestic programs, providing \$10.5 billion below the amount needed to maintain services at the 2004 level. The funding shortfall for domestic programs grows every year, and by 2009 the budget cuts \$36.9 billion below the amount needed to keep pace with inflation. While Republicans may claim that their budget contains increases in certain areas, these increases are more than offset by cuts in other key government services.
- ***Underfunds Education*** — The Republican budget provides insufficient resources for education. It provides \$8.8 billion below the authorized level for No Child Left Behind programs, continuing the pattern of Republican underfunding of these programs. It fails to provide any increase in the maximum Pell grant award at a time of rising tuition costs in higher education. The Republican budget also fails to make adequate progress toward the full funding of the Individuals with Disabilities Education Act (IDEA), providing only one half of the 40 percent federal funding ceiling.

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- ***Provides Less Than Is Needed for Veterans*** — Though House Republicans may tout the fact that their budget contains more funding than the President’s budget for appropriated veterans programs, the Republican budget still provides \$1.3 billion less than what the Veterans’ Affairs Committee recommended — on a bipartisan basis — for these vital veterans health care programs.
- ***Fails to Protect the Environment*** — The Republican budget cuts appropriations for environmental protection by \$1.5 billion below last year’s level, and keeps funding below the 2004 enacted level for every year in their budget. These cuts will undermine our ability to ensure clean air and safe drinking water and to clean up toxic waste sites.
- ***Puts Medicaid and SCHIP at Risk*** — The Republican budget includes reconciliation instructions to the Energy and Commerce Committee to reduce spending by \$2.2 billion over five years. This instruction would likely result in cuts totaling this amount to Medicaid. Cutting Medicaid will jeopardize health care for the over 52 million Americans who rely on the program for their health care. Meanwhile, the Republican budget provides no funding for the Family Opportunity Act (which provides health coverage for disabled children) and allows \$1 billion in funds for the State Children’s Health Insurance Program (SCHIP) to expire.
- ***Cuts Homeland Security Below the President’s Request*** — The Republican budget cuts homeland security funding by \$857 million below the President’s request for 2005-2009, applying the cut to all homeland security activities outside of the Department of Defense. At a time when our nation continues to face threats to homeland security, now is not the time to redirect resources from homeland security to tax cuts.

Democratic Budget Beats Republican Budget Across the Board

The Democratic budget surpasses the House Republican resolution and the President's budget in every respect important to working families across America. The Democratic budget protects key services and makes focused investments for veterans, education and other priorities, while extending middle-class tax cuts *and* achieving a balanced budget.

In contrast, the Republican budget cuts key services, fails to make adequate investments in health care and other priorities, continues policies that have eroded jobs, and remains mired in deficit forever. Every penny of the Republican spending cuts is used to pay for their oversized tax cuts; and when they run out of spending cuts, Republicans raid the Social Security Trust Fund surplus. Republicans omit the last five years of the customary ten-year budget window to conceal the consequences of their priorities.

- ***Democrats Set Domestic Appropriations at Realistic Level*** — The House Republican budget cuts funding below the level needed to maintain services for domestic non-homeland security programs — all discretionary funding except for defense, international affairs, homeland security — by \$10.5 billion for 2005. Over five years, the Republicans fall \$113.4 billion below inflation. The Democratic budget resolution restores the Republican cuts by setting domestic discretionary spending above the level needed to keep pace with inflation. As a result, the Democratic budget has more funding for education, veterans, homeland security, and other key priorities.
- ***Democrats Protect Benefits From Republican Cuts*** — Democrats have a track record of rooting out waste, fraud and abuse. For example, Congressional Democrats wrote and passed legislation from the creation of departmental inspectors general to the enactment of the Government Performance and Results Act. However, Democrats oppose across-the-board attacks on important government services. To fund its tax cuts, which benefit mainly the few, the House Republican budget requires \$13.2 billion in cuts to mandatory public services over the next five years. These cuts could include \$2.2 billion from Medicaid. The full Senate already voted to remove a similar proposed cut from its resolution.
- ***Democrats Provide Fiscally Responsible Budget Without Relying on Harmful Cuts*** — The Democratic budget achieves balance within ten years through realistic policy choices that protect funding for key services. By contrast, the President's budget and the House Republican resolution never reach balance, paying for oversized tax cuts with skyrocketing deficits and borrowing from the Social Security Trust Fund surplus. (Neither the President nor the House Republicans reveal the implications of their budgets beyond five years, but long-range graphs in OMB's budget reveal that the President's approach remains in large deficit in perpetuity. Analysis by the nonpartisan Congressional Budget Office confirms this result.)

Democrats More Fiscally Responsible Than Republicans

- ***Democrats Balance Budget; Republicans Do Not*** — The House Republican budget never reaches unified balance. In fact, Republicans hide the last five years of the customary ten-year budget window, to conceal the fact that their deficit only gets worse. The Democratic budget reaches balance in 2012, and has \$34 billion less public debt than the Republican budget at the end of their five years.
- ***Democrats Weigh Priorities; Republicans Rely on Unrealistic Future Spending Cuts*** — The Democratic budget balances the competing priorities of tax relief to stimulate the economy, protection of Medicare and Social Security, and fiscal responsibility with the need to provide adequate resources for homeland security, education, law enforcement, veterans health care, and other public investments. The House Republican budget adds \$301 billion to the deficit from 2005 through 2009. That number will be even more unless Congress enacts spending cuts that even some Republicans admit are most unlikely. If these spending cuts do not occur, the Republican budget will create even larger deficits.
- ***Pursuing Another \$1.3 Trillion in Tax Cuts When the Budget Is in Deficit Is Fiscal Irresponsibility*** — The single-minded pursuit of top-heavy, back-loaded, fiscally irresponsible tax cuts even larger than those passed three years ago drives all the Republican budgets — in the Senate and House, as well as the President's. The cost of this unbalanced approach is both chronic, triple-digit deficits, and shortchanging America's priorities.
- ***The Democratic Budget Protects Social Security, While the Republican Budget Creates a Fiscal Time-Bomb*** — Democrats want to pay down the public debt to prepare for the retirement of 77 million Baby Boomers, which begins in just four years. Republicans continue to say that privatization offers a painless solution. After Federal Reserve Board Chairman Alan Greenspan drew the obvious conclusion that making permanent the Republican tax cuts would require cuts in Social Security benefits, the President reacted by advocating replacing Social Security with private accounts. But the President's own experts acknowledge that would cost at least another \$1 trillion of public debt.
- ***The 75-year Cost of Republicans' New Tax Cuts Is Triple the Projected Social Security Trust Fund Shortfall*** — The Center on Budget and Policy Priorities — using the same estimating techniques as the CBO, OMB, and GAO — calculates that the 75-year cost of the new tax cuts Republicans propose is between \$12.1 trillion and \$14.2 trillion in present value. This is more than three times the \$3.7 trillion Social Security shortfall estimated by the program's trustees. In fact, the 75-year cost of Republicans' new tax cuts exceeds the combined long-run unfunded obligations of both Social Security and Medicare.

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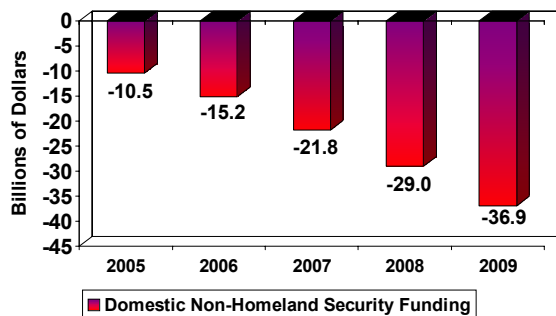
- ***Democrats Have a Successful Track Record on Fiscal Discipline; Republicans Do Not*** — President Bush inherited a fiscal legacy no previous president enjoyed: a \$5.6 trillion ten-year surplus. The budget under Democratic leadership had shown improvement for eight straight years, culminating in the first surplus ever without using either the Social Security or the Medicare Trust Fund surpluses. Republicans claimed that this confronted us with the grave “danger” of paying off too much public debt. In just three short years, Republicans have solved that “problem” and replaced it with one far worse — chronic, triple-digit deficits and mounting public debt.

The Republican Budget Cuts Domestic Appropriations

The House Republican budget's increases for national defense and homeland security, along with its tax cuts, squeeze all other funding. The Republican budget cuts 2005 domestic non-homeland security funding just slightly below a freeze at the 2004 enacted level, and then increases it by only 0.5 percent in each succeeding year.

- ***Republicans are Below a Freeze at the 2004 Level*** — The Republican resolution essentially freezes 2005 funding for programs outside of defense, international affairs, and homeland security. Funding for 2005 not only fails to cover inflation, it actually falls by \$453 million below a freeze at the 2004 enacted level. For 2006, the funding is a mere 0.4 percent above a freeze at the 2004 enacted level.
- ***Funding Falls Further Behind Each Year*** — For 2005, the Republican budget cuts domestic non-homeland security programs by \$10.5 billion (3.0 percent) below the amount needed to maintain services at the 2004 level. Because the funding increases by only 0.5 percent each year, it falls further behind the amount needed to maintain services at the 2004 level. By 2009, the budget cuts \$36.9 billion (9.5 percent) from the amount needed to keep pace with inflation. Over five years, the Republican budget cuts domestic programs by \$113.4 billion from the amount needed to keep pace with inflation.
- ***All Domestic Increases Offset by Bigger Cuts Elsewhere*** — The Republican budget's slight increases in 2005 above the amount needed to maintain services in some areas (including veterans, education, and administration of Social Security programs) are more than offset by cuts in other key services such as child care, Section 8 housing assistance, environmental protection, and science. And even the small increases for 2005 are not maintained: in 2008 and 2009, only defense funding maintains the 2004 level of services – *every other budget function fails to keep pace with inflation*.
- ***Many Areas Cut Below Last Year's Level*** — The Republican budget cuts seven budget functions below a freeze at the 2004 level. The areas cut include:
 - ▶ ***environmental protection*** — cut by \$1.6 billion in 2005, and by \$6.4 billion over five years;
 - ▶ ***health*** — cut by \$358 million in 2005; and
 - ▶ ***community and regional development*** — cut by \$782 million in 2005, and by \$1.6 billion over five years.

House Republicans Cut Domestic Purchasing Power Each Year



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- ***Low Level of Funding Imperils All Programs*** — Republican promises about their 2005 increases for high-priority areas, such as education and veterans, will be virtually impossible to keep. Their unrealistically low non-defense total, along with their cut of \$4.7 billion below the President’s request for international affairs, will not allow the Appropriations Committee to maintain funding for “priority” programs. To do so, the Appropriations Committee would have to deeply cut services such as child care and Section 8 housing, environmental protection, public health, and funding for government agencies. The more likely outcome is slightly smaller budget cuts in all areas, including the programs that the Republicans purport to protect.

Democrats Provide Realistic Domestic Funding

The Democratic budget provides \$14.3 billion more than the Republican budget for domestic appropriations for 2005. Over five years, the Democratic budget provides \$108.9 billion more than the Republican budget for important domestic priorities such as homeland security, education, and veterans’ health.

- ***Education*** — Over the five years of the Republican budget, the Democratic budget provides \$9.8 billion more than the House Republicans and \$22.7 billion more than the President for education, such as “No Child Left Behind” programs, special education, and higher education, as well as training and social services programs.
- ***Homeland Security*** — The Democratic budget provides \$5 billion more than the President’s budget over the next five years for homeland security.
- ***Working Families*** — The Democratic budget provides \$27.4 billion more than the Republican budget over five years to maintain Section 8 housing assistance at the current level, to fund the Low-Income Home Energy Assistance Program and WIC, and to provide child care for low-income families.
- ***Veterans’ Health Care*** — The Democratic budget provides \$1.3 billion more than the Republican budget for appropriations for veterans programs for 2005, and \$6.6 billion more than the Republican budget over five years.
- ***Environmental Protection*** — Over five years, the Democratic budget provides \$17.0 billion more than the Republicans to clean up hazardous waste sites, construct treatment plants to provide clean water, and preserve critical habitats.
- ***Scientific Research*** — The Democratic budget provides \$4.9 billion more than the Republican budget for science programs over five years. The additional funding is sufficient to provide a 3.0 percent increase for the National Science Foundation.

Republican Tax Cuts Threaten Social Security

- ***Republicans Spent Social Security Trust Fund on Tax Cuts*** — In 2001, the Bush Administration inherited projected surpluses of \$5.6 trillion over ten years (2002-2011), with the Social Security Trust Fund swelling by \$2.6 trillion over that period. Since then, the Republicans have enacted \$1.6 trillion in tax cuts and they are calling for \$1.3 trillion in new tax cuts. In the meantime, CBO lowered its estimates of the remaining surplus due to technical and economic changes, and now we face a \$2.6 trillion deficit for the same period. Social Security surpluses are no longer buying down existing debt and raising national savings; they are going to cover current shortfalls. The Republicans took money set aside for tomorrow’s retirees and used it to finance today’s tax cuts.
- ***Republicans Broke Their Promise to Protect Social Security*** — Republicans reassured the American public that tax cuts did not jeopardize Social Security. Unfortunately, these promises turned out to be empty.
 - **“None of the Social Security trust funds and Medicare trust funds will be used to fund other spending initiatives or tax relief.”** – A Blueprint for New Beginnings: A Responsible Budget for America’s Priorities, OMB, February 28, 2001, page 11
 - **We are going to wall off Social Security trust funds and Medicare trust funds...And consequently, we pay down the public debt when we do that. So we are going to continue to do that. That’s in the parameters of our budget and we are not going to dip into that at all.** – House speaker Dennis Hastert, quoted in BNA’s Daily Tax Report, March 2, 2001
- ***President Bush Could Have Fixed Social Security*** — The Center on Budget and Policy Priorities — using the same estimating techniques as CBO, OMB, and GAO — calculates that the 75-year cost of the Bush tax agenda is between \$12.1 trillion and \$14.2 trillion in present value. Over the same period, Social Security trustees estimate that the program faces \$3.7 trillion in unfunded obligations on a present value basis. Not only is the 75-year cost of Republicans’ **2001 and 2003 tax** cuts more than three times the cost of the upcoming Social Security shortfall, it exceeds the combined unfunded obligations for both Social Security and Medicare.
- ***Alan Greenspan Warns of Risk to Social Security*** — Federal Reserve Chairman Alan Greenspan raised the possibility that Social Security benefits might need to be reduced in response to the long-term deficits brought on by the Bush Administration’s policies. In his testimony before the Budget Committee on February 25, Chairman Greenspan pointed out that running massive deficits on the eve of the retirement of the Baby Boom may have dire consequences for the nation’s ability to honor the commitments it has made to America’s retirees, survivors, and disabled. He stated that “This dramatic demographic change is certain to place enormous demands on our nation’s resources – demands we will almost surely be unable to meet unless action is taken. ... For a variety of reasons, that action is better taken as soon as possible.”

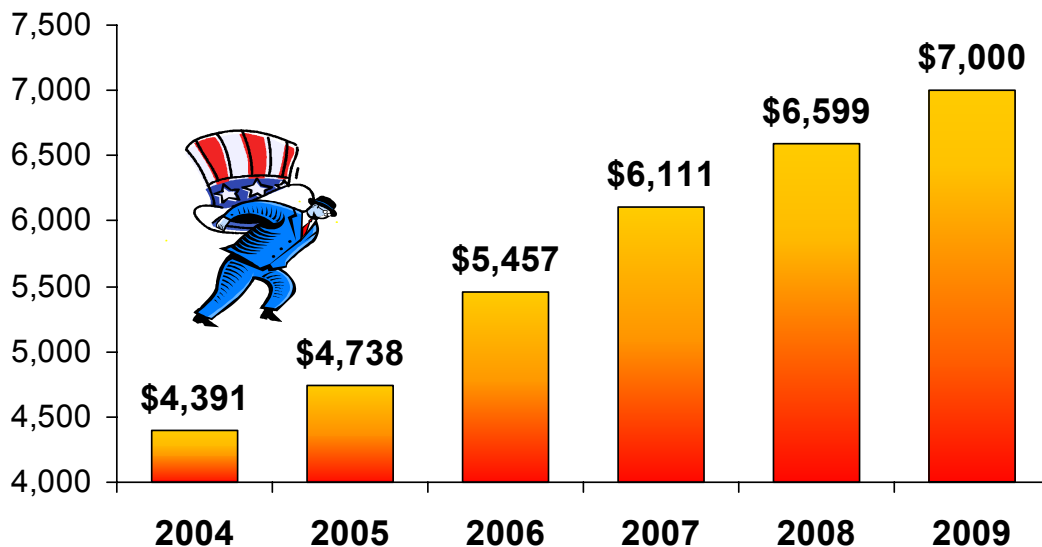
- ***President's Plans to Privatize Social Security Cost Over \$1 Trillion*** — In 2001, the President's Commission to Strengthen Social Security outlined three plans to partially privatize Social Security by shifting payroll taxes into private accounts and having Treasury's General Fund pay into the Social Security Trust Fund to meet current obligations. Social Security's actuaries indicate that each plan would cost the General Fund more than \$1 trillion over ten years. Furthermore, the 2004 *Economic Report of the President* concedes that partial privatization will make the unified deficit worse each year through 2048. **President Bush implicitly acknowledges this fact by declining to offer a concrete legislative plan for partial privatization.**
- ***House Budget Committee Republicans Unanimously Rejected an Amendment to Protect Social Security*** — During the mark-up of this resolution, Democrats on the Budget Committee offered an amendment to create a point of order in the House against any tax cuts or mandatory spending legislation that would increase (or create) an *on-budget* deficit. In effect, it would have required a supermajority to pass tax cuts or direct spending increases if the non-Social Security budget was not in balance. Committee Republicans unanimously voted against this attempt to protect Social Security from being used either to finance tax cuts or expand entitlements. They also rejected repeated attempts to reinstate a **Pay-As-You-Go rule identical** to that which was instituted in 1990.

Republican Budget Increases the “Debt Tax”

- **Republicans Create More Debt** — The Republican House budget resolution will increase the publicly held debt to \$5.8 trillion by 2009. The level of publicly held debt rises steadily from \$4.4 trillion in 2004, even as Republicans try to take credit for reducing the deficits that their policies created.
- **\$2.3 Trillion in “Debt Taxes”** — The government is charged interest on its accumulated debt – a “debt tax” that Americans must pay. Over five years, the Republican budget charges Americans a total of \$2.3 trillion in gross debt taxes. Taxpayers receive no new services for these taxes: no public education, no homeland security, no military forces. The \$2.3 trillion just covers the interest on bills charged years ago.
- **\$7,000 in Annual Debt Taxes for a Family of Four** — An average American family of four now pays almost \$4,400 per year to service the nation’s gross debt. Under the Republican budget, that debt tax will grow to \$7,000 in 2009. (Gross debt is publicly held debt plus the debt held by the government’s trust funds. Counting only debt held by the public, the average debt tax is about \$2,100 this year, growing to \$3,900 in 2009.)

Republican Budget Raises the Debt Tax

Federal Gross Interest per Family of Four



The Economy Slumps Under This Administration

Then

21 million private-sector jobs *created* between January 1993 and January 2001.

5.6 million unemployed in December 2000.

0.6 million Americans unemployed for 27 weeks or longer in December 2000.

64.4 percent of adult Americans employed in December of 2000.

67.0 percent of adult Americans in the labor force in December of 2000.

287,000 discouraged workers (who believe no jobs available) in February 2001.

Budget *surplus* of \$86 billion outside of Social Security in FY 2000.

At beginning of Bush Administration, federal debt to be almost eliminated by 2008.

Industrial production grew 43 percent between January 1993 and January 2001.

Real GDP increased at an average rate of 3.6 percent from 1993 through 2000.

Real business investment *increased* at a 9.3 percent annual rate from 1993 through 2000.

Consumer Confidence index averaged 139 in 2000, *the highest yearly average on record*.

40 million Americans lacked health insurance in 1994.

Now

3.0 million private-sector jobs *lost* between January 2001 and February 2004.

8.2 million unemployed in February 2004.

1.9 million Americans unemployed for 27 weeks or longer in February 2004.

62.2 percent of adult Americans employed in February of 2004.

65.9 percent of adult Americans in the labor force in February of 2004.

484,000 discouraged workers in February of 2004.

Budget *deficit* of \$631 billion outside of Social Security in FY 2004.

In House Republican budget, federal debt projected at \$5.6 trillion for 2008.

Industrial production grew 0.3 percent between January 2001 and February 2004.

Real GDP increased at an average rate of 2.3 percent from 2001 through 2003.

Real business investment *fell* at a 2.2 percent annual rate from 2001 through 2003.

Consumer Confidence index dropped to 87.3 in February of 2004.

43.6 million Americans lacked health insurance in 2002.

Republicans Fail on Education

- ***Republicans At Least \$8.8 Billion Short on “No Child Left Behind” Act*** — The House Republican resolution provides at least \$8.8 billion less than the \$34.3 billion authorized for education programs under the “No Child Left Behind” Act for 2005. This low funding leaves millions of elementary and secondary school students without the services Congress and the President promised just two years ago. For example, the Republican budget denies Title I services to 2.4 million students who qualify under the Act.
- ***Republicans Fall Farther Behind “Full Funding” of Special Education*** — After 2005, the Republican budget increases education funding by only 0.5 percent annually. At that rate, the federal share of special education funding would fall to only 17.9 percent of the costs, far short of the federal promise to pay up to 40 percent of the costs.
- ***Republicans Freeze Maximum Pell Grant for Third Straight Year*** — Both the Republicans and the President freeze the maximum Pell Grant award at the 2003 level of \$4,050, with an average grant of \$2,399. Such small Pell Grants make college unaffordable for millions of students: the College Board reports that tuition and fees at 4-year public colleges today average \$4,694.

Democrats Help Students

- ***Democrats Do More to Help Students*** — The Democratic budget provides \$5.8 billion more than the Republicans in total discretionary and mandatory funding for education, training, and social services in 2005, and \$14.5 billion more than the Republicans over five years. Over five years, the \$9.8 billion in additional appropriations will support “No Child Left Behind” Act programs that improve student achievement, increase the federal share of special education funding, and make college more affordable by raising the maximum Pell Grant. The additional direct spending will lower the cost of student loans.
- ***Democrats Support “No Child Left Behind” Programs*** — Over ten years, the Democratic budget provides \$51.4 billion more in appropriations than the President’s budget for education, training, and social services. This additional funding in the Democratic budget can support the important programs under the “No Child Left Behind” Act. For example, the Democratic budget can provide additional resources for Title I (Education’s largest program that helps students meet new, strong student achievement standards), programs to improve teacher quality, and reading programs, among others.
- ***Democrats Erase Deficit in Pell Grant Program*** — The Democratic budget provides \$3.7 billion to fill the current shortfall in the Pell Grant program, putting it back on a sound financial basis and Congress in a position to increase the maximum award.

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- ***Democrats Lower the Cost of Student Loans*** — The Democratic budget includes the President’s proposals that save college students money by lowering the cost of loans. Congress is due to reauthorize the Higher Education Act this year. The Democratic budget provides additional benefits to students, forgives up to \$17,500 of student loans for those who teach certain subjects in low-income schools, and increases loan limits for first-year students. In contrast, the Republican budget merely adds \$25 million annually for a more limited loan forgiveness program for teachers.

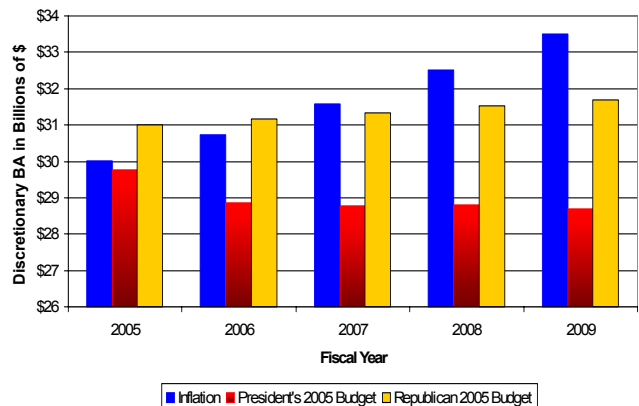
Republican Budget for Veterans: Time Again for More Sacrifice

- ***Republican Budget is Less than Needed for Veterans' Health Care*** — On a bipartisan basis, the Committee on Veterans Affairs recommended that \$2.5 billion more than the President's budget was needed to maintain vital health care programs for veterans. Nevertheless, the House Republican budget provides \$1.3 billion less than what the Committee recommended for 2005. In contrast, the Democratic budget provides the full Committee-recommended level of \$32.3 billion for 2005, and includes \$6.6 billion more than the Republican budget over the next five years. This will:
 - ▶ improve access and reduce waiting time for all veterans;
 - ▶ meet statutory requirements for long-term care by increasing the current number of nursing home beds to 1998 levels;
 - ▶ reduce or eliminate the increased copayments (\$135 million) and enrollment fees (\$268 million) proposed in the President's budget;
 - ▶ increase funds for medical facility construction and renovation; and
 - ▶ provide the resources necessary for more responsive reviews of claims and appeals.

- ***Republican Budget Fails to Keep Pace with Inflation*** — The Republican budget quickly falls behind the amount needed to maintain these programs at their current levels. In 2007, the budget is \$227 million less than what the Department of Veterans' Affairs needs to keep pace with inflation. Over five years, the Republican budget cuts \$1.6 billion from the total needed to maintain services at the 2004 level.

- ***Veterans' Health Care Imperiled*** — Failure to match the recommendation of the Committee on Veterans Affairs will make it very difficult for the VA to meet the cost increases of expected changes in health care utilization of its enrollees, or to meet current payroll, inflation and non-discretionary workload adjustments. This could be the difference between treating 170,000 unique veterans, or, alternatively, paying the salaries of 13,000 VA staff needed to treat veterans.

Republican Veterans Funding Does Not Keep Pace with Inflation



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Veterans Reject Republican Proposals

Here's what veterans have to say about the President's budget:

- **The Disabled American Veterans:** It is clear that veterans are not a national priority to this administration, and the President's budget plan attempts to shift the burden for funding veterans health care to those brave men and women who have served and sacrificed for our country. It is utterly disgraceful to shortchange America's veterans at a time when this government has placed so many of our troops in harm's way in the war on terror, considering that many of them will need VA medical care for decades to come. (February 4, 2004)
- **Vietnam Veterans of America:** The budget proposed by the President for veterans health care for the next fiscal year is not only inadequate, it's an insult to veterans. It represents a clear-cut case of misplaced priorities. The same budget that calls for generous funding to wage war ignores the real needs of those who return from the war zone, and will impose undue hardship on them. (February 4, 2004)

Here's what veterans have to say about the Republican budget:

- **The Paralyzed Veterans of America:** "As the House of Representatives prepares to consider the FY 2005 Budget Resolution, Paralyzed Veterans of America (PVA) strongly urges you to oppose the resolution. Despite an increase over the President's Budget Request released in February, the budget resolution does not provide adequate funding for veterans' health care to meet the needs of sick and disabled veterans seeking care from the Department of Veterans Affairs (VA) health system." (March 23, 2004)
- **American Veterans (AMVETS):** In May 2003, the President's Task Force to Improve Health Care Delivery for Our Nation's Veterans reported chronic under-funding that left VA unable to meet its obligations to veterans. The entire situation is intolerable and is certainly no way for Congress to express our nation's gratitude for the sacrifice and service of its military veterans. AMVETS strongly urges members of the Committee to support [Representative Chet Edward's] proposal and lift spending for FY 2005 to the bipartisan level recommended by the House Committee on Veterans' Affairs. This level of funding is essential and without it those services sick and disabled veterans earned and deserve will not be there when they need them. (March 10, 2004)

Republicans Ignore Environmental Needs

Reality Does Not Match Rhetoric — The President and House Republicans tout their environmental commitment, but reality does not match the rhetoric. The President’s budget drastically cuts environmental protection programs and rekindles previous proposals that the American people and Congress have flatly rejected. Instead of living up to the rhetoric, House Republicans also cut funds to protect our environment. In yet another misplaced priority, Republicans chose to support tax cuts over investments in clean air, safe drinking water, and the cleanup of toxic waste sites.

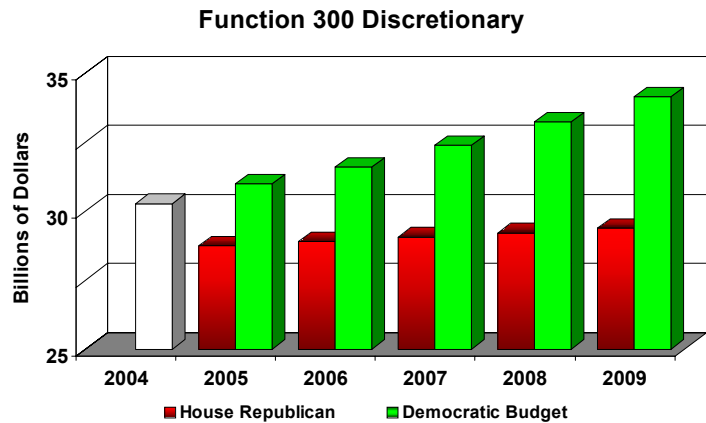
Environment Will Suffer for Years to Come — House Republicans provide only \$28.7 billion in discretionary funds in 2005, a cut of \$1.5 billion (5.1 percent) from last year’s level. Their funding levels in 2009 will still be \$901 million below the 2004 enacted level. Simply stated, the Republican budget cuts the federal commitment to environmental protection.

Republicans Share President’s Environmental “Priorities” — Similar to the President’s budget, the Republican budget also rejects critical environmental needs, sharing the President’s misplaced environmental “priorities” in the process.

Democrats Have Real Environmental Priorities — Democrats firmly believe in the public’s right to clean air and safe drinking water. For 2005, the Democratic budget provides \$31.0 billion in discretionary funds for these and other vital programs, \$2.2 billion more than the Republican budget. From 2005-2009, the Democratic budget will provide \$17.0 billion more for environmental conservation, protection, and preservation programs than Republicans.

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Republican Budget Undermines Environmental Protection



REPUBLICAN BUDGET SHARES PRESIDENT’S ENVIRONMENTAL PRIORITIES

- FY09 funding is below FY04 enacted level.
- Clean water and drinking water needs ignored.
- Farmers and ranchers abandoned.
- Groundwater contamination by leaking MTBE and petroleum will continue.
- Promised conservation funding unfulfilled.
- Taxpayers foot the bill for corporate polluters.

Democratic Budget is Green

Democrats Support Safe Water — The Democratic budget increases funding for the Clean Water and Drinking Water State Revolving Funds and for other targeted water infrastructure needs. As our population grows and our existing water infrastructure reaches the end of its life span, the country is falling farther and farther behind in making the necessary investments to protect public health and the environment. The President and House Republicans ignore these documented huge unmet needs by cutting funding by \$822 million.

Democrats Support Our Nation's Farmers and Ranchers — The Democratic budget reinstates over \$400 million in 2005 and nearly \$1 billion overall in vital Farm Bill programs that help farmers and ranchers protect and enhance natural resources. The President and House Republicans abandon farmers and ranchers by eliminating these conservation measures.

Democrats Support "Polluter Pays" — Democrats reinstate the expired Superfund taxes levied on corporations and hold them responsible for the costs of cleaning up the nation's worst hazardous waste sites. The President and House Republicans abandon the "polluter pays" principle and cause taxpayers to foot the entire hazardous waste cleanup bill.

Democrats Recognize the Dangers of Leaking Petroleum and MTBE — The Democratic budget restores funding for the Leaking Underground Storage Tank program. There are currently 136,000 confirmed releases that have not been addressed where leaking petroleum and MTBE are contaminating groundwater and drinking water supplies. The Republican budget does not restore the President's cut of \$3 million.

Democrats Live Up to Conservation Pledge — The Democratic budget adheres to the 2001 agreement dedicating funding for the conservation spending category. The Democratic budget provides the entire \$2.2 billion authorized for 2005 and the full \$2.4 billion for 2006. Once again, the President and House Republicans backtrack on this landmark agreement.

Democrats are Strong on Homeland Security — Democrats reinstate an \$8 million EPA research program on how to decontaminate buildings attacked by anthrax, ricin, and other toxins. The President eliminated the program, which the Republican budget does not restore. EPA admits the program's elimination will "force it to disband the technical and engineering expertise that will be needed to address known and emerging biological and chemical threats in the future."

Democrats Fund Brownfields Revitalization — The Democratic budget provides full funding to help states clean up and redevelop brownfields, which are properties where environmental contamination is hampering redevelopment efforts. This funding will spur economic development and improve public health in urban areas.

Republicans Weaken Programs for Working Families; Democrats Strengthen Them

Republicans Underfund Child Care and Cut Safety Net Entitlements

- ***Republicans Fail to Extend Unemployment Benefits*** — The Temporary Extended Unemployment Compensation (TEUC) program, created in March 2002, provided 13 weeks of benefits for workers who exhaust regular state unemployment benefits before finding work. Republicans allowed the TEUC program to expire at the end of December, even though the economy has lost 2.2 million jobs during the Bush presidency. Since December, more than 760,000 jobless workers have exhausted their state benefits, only to find no federal help available to them while they continue to look for work.
- ***Democrats Continue Extended Unemployment Benefits*** — Federal Reserve Chairman Alan Greenspan said March 11 that “new job creation is lagging badly,” and “considering the possibility of extending unemployment benefits is not a bad idea.” The Democratic budget continues Temporary Extended Unemployment Compensation through June.
- ***Republicans Provide Inadequate Funding for Child Care*** — The Republican budget assumes enactment of the House Republican welfare reform bill (H.R. 4), which substantially increases work requirements for welfare recipients but increases mandatory child care funding by only \$1 billion over five years. CBO estimates that the new work requirements will increase child care and work activity costs to financially strapped states by up to \$9 billion over five years.
- ***Democrats Have \$11 Billion for Child Care*** — The Democratic budget includes an additional \$11 billion for child care above current law over the next five years. With this funding, states will be able to serve one million more eligible children and help more low-wage working parents remain self-sufficient.

Major Increases for Working Families in Democratic Alternative Budget

Change from CBO Baseline; Budget Authority in Billions

	2004	2005	2005- 2009	2005- 2014
Temporary Extended Unemployment Compensation	6.5	0.0	0.0	0.0
Child Care	0.0	1.3	11.0	26.0
Child Nutrition Program Improvements	0.0	0.2	1.1	2.2
Medicaid for Legal Immigrant Children and Pregnant Women	0.0	0.1	0.6	2.2
Help for Uninsured (Includes Transitional Medicaid Assistance)	0.2	1.8	6.4	12.7

- ***Republican Budget Assumes Cuts to Safety Net Programs*** — The Republican budget assumes a net spending reduction of \$3.1 billion over five years for income security entitlements, including Temporary Assistance for Needy Families, the Earned Income Tax Credit, unemployment insurance, child nutrition programs, and public employee retirement benefits. However, the budget also assumes a \$2.2 billion increase for welfare reform, consistent with the Republican welfare reform bill approved by the House last year. Therefore, the budget assumes a total of \$5.3 billion in cuts to other income security programs in order to reach a net cut of \$3.1 billion.
- ***Democrats Protect and Improve the Safety Net*** — The Democratic budget provides full funding for safety net programs, including the costs of welfare reform. The Democratic budget also includes an additional \$1.1 billion over five years to improve access for low-income children to school lunch and school breakfast programs.

Republicans Cut Funding for Appropriated Safety Net Programs

- ***Republicans Expose Housing Programs to Major Cuts*** — The Republican budget slashes funding for annually appropriated income security programs in 2005 by \$3.7 billion, or 7.4 percent, below the amount needed to maintain current service levels. Section 8 housing voucher programs account for 42 percent of annually appropriated income security funding. If this funding cut were applied proportionally, Section 8 would receive \$1.6 billion less than the amount needed to maintain current services, and 250,000 families would lose affordable housing.
- ***Republicans Cut Funding Even More Over Five Years*** — Under the Republican budget, funding for appropriated income security programs remains virtually flat after 2005. By 2009, funding will fall short of the amount necessary to maintain purchasing power at the 2004 level by \$7.4 billion, or 13.7 percent. The major programs affected by this virtual freeze are public housing, Section 8 housing, the child care and development block grant, low-income home energy assistance (LIHEAP), and nutritional assistance for women, infants and children (WIC).

Democrats Protect Appropriated Safety Net Programs

- ***Democrats Support Housing*** — The Democratic budget provides funding to maintain the current number of households served by Section 8 programs and rejects the President's proposal to convert this program to a block grant. The Democratic budget also restores funding for the HOPE VI program to revitalize distressed public housing to \$574 million. HOPE VI experienced a drastic funding reduction in 2004, to \$149 million.
- ***Democrats Provide Full Funding for Key Programs*** — The Democratic budget includes sufficient funding to maintain current service levels for low-income housing assistance, LIHEAP, WIC, and the child care block grant.

Republican Budget Neglects Nation's Health Care Needs

Over 52 Million People Rely on Medicaid, But Republicans Cut the Program

Republican Budget Cuts Medicaid — The House Republican budget requires \$2.2 billion in cuts from Energy and Commerce. Since the Budget Committee Chairman made it clear that “Medicare cuts were off the table,” Medicaid is really the only place the Commerce Committee can cut spending. Cutting Medicaid will jeopardize health care for the over 52 million children, parents, seniors and disabled individuals who rely on the program for their health care.

Now is Not the Time to Cut Medicaid —

- The recent state fiscal crisis has forced nearly every state to cut its Medicaid program, including cutting eligibility (25 states), cutting benefits (18 states), raising co-payments (17 states), and cutting provider payments (every state).
- Over one million individuals lost health coverage due to state cuts.
- States still face budget shortfalls of \$35 billion for 2005.
- States face the loss of \$10 billion in fiscal relief at the end of June.

There is Widespread Opposition to Medicaid Cuts —

- The Senate rejected Medicaid cuts, with 53 Senators voting to strike instructions directing the Finance Committee to cut the program.
- 29 House Republicans signed a letter opposing Medicaid cuts.
- 177 National provider, hospital, consumer and advocacy groups oppose Medicaid cuts, including the American Medical Association, American Hospital Association, March of Dimes, and Alzheimer's Association.
- Both Republican and Democratic governors oppose Medicaid cuts.

Bipartisan Legislation Providing Health Coverage to Disabled Children Not Funded by Republican Budget

Democrats Provide for Health Coverage for Disabled Children, Republicans Do Not — The Democratic budget provides full funding for the Family Opportunity Act — nearly \$8 billion over ten years. This legislation enjoys widespread bipartisan support in both the House and Senate, yet the Republican budget resolution only provides a “deficit-neutral reserve fund” that requires Congress to cut other spending if it wants to enact this legislation.

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Family Opportunity Act Expands Health Coverage for Disabled Children — The Family Opportunity Act would allow families with disabled children to buy into Medicaid for health coverage under certain conditions. This option would be available for children under 18, who are disabled, and whose family income is low, but not low enough to meet current Medicaid income tests for coverage.

Republicans Let Funding Expire for State Children’s Health Insurance Program

Republicans Let \$1 Billion in SCHIP Funds Expire — The complexity of the funding formula for the State Children’s Health Insurance Program (SCHIP) means that SCHIP funds expire, even though there are states that need and could use those funds to sustain their programs. Under current law, \$1.1 billion will expire on September 30. The Republican budget does nothing to retain these funds within the SCHIP program.

Democrats Restore SCHIP Funds, Helping Hundreds of Thousands of Children — The Democratic budget restores and better targets the \$1.1 billion that will revert to the Treasury on October 1, helping to limit some of the estimated loss of coverage to 400,000 children over the next four years.

Republican Budget Creates a Public Health Deficit

Republican Budget Ignores the Needs of the Public Health System — The public health system prevents disease, advances medical knowledge, delivers key health care services, strives to ensure food safety, and trains the public health workforce. Despite the importance of this system, the Republican budget cuts funding for public health by \$1.1 billion (1.9 percent) below the 2004 enacted level, when adjusted for inflation. Public health spending never catches up to the 2004 level, when adjusted for inflation — over five years, public health programs face an \$11.4 billion shortfall.

Cuts Undermine Research at NIH — Under the Republican budget, NIH faces a cut of \$553 million below the 2004 level, when adjusted for inflation. This cut undermines critical research efforts.

- Over 877,000 people in the U.S. are living with HIV/AIDS, but this budget cuts AIDS research by \$28 million.
- The budget cuts cardiovascular disease research by \$22 million, even though heart disease is the leading cause of death in the U.S.

Democratic Budget Protects Public Health Programs — The Democratic budget restores the \$1.1 billion cut by the Republican budget, and ensures that these important programs maintain the purchasing power that they had in 2004.

Democrats Do More for Homeland Security

- ***Democrats Provide More for Homeland Security*** — The Democratic budget adds back the Republican budget's cuts to the President's homeland security request, and also provides \$5 billion more than the President's budget over the next five years for homeland security.
- ***Republican Budget Cuts Homeland Security Below the President's Request*** — The Republican budget cuts homeland security funding by \$857 million below the President's request for 2005-2009, applying the cut to all homeland security activities outside of the Department of Defense. At a time when our nation continues to face threats to homeland security, the Congress should not redirect resources from homeland security to tax cuts.
- ***Republican Budget Includes President's Cuts to Port Security Grants*** — In cutting homeland security funding below the President's request, the Republican budget provides no additional funds to address the President's cuts for port security grants. The President's budget cuts port security grants by \$79 million (63.2 percent) below the \$125 million enacted for 2004. Port security grants from the Department of Homeland Security provide funds for port agencies to install the fencing, surveillance technologies, and other measures needed to prevent terrorists from gaining access to docks and other port facilities. The Coast Guard asserts that \$4.4 billion over ten years is needed for port security.
- ***Republican Budget Includes President's Cuts to First Responders*** — By cutting homeland security funding below the President's request, the Republican budget provides no additional funds to address the President's cuts in first responders funding. The President's budget cuts funding for first responders at the Department of Homeland Security by \$648 million (14.7 percent) below the amount enacted for 2004. Within that cut, firefighter assistance grants are cut by \$246 million (33.0 percent) below the 2004 enacted level. Since September 11, reports such as the Council on Foreign Relations report on first responders have emphasized the need for increased funding for first responders, not decreases.
- ***Budget Is Latest Democratic Effort to Add Funding for Homeland Security*** — During Budget Committee mark-up of the budget resolution, Republicans defeated on a party-line vote a Democratic amendment that would have added funding to strengthen homeland security elements including port security, first responders, and aviation and border security.