

## **The President's Budget Makes the Wrong Choices for California's Middle Class Families**

### **3.1 Million Californians Could See Retirement Benefit Cuts Under President's Privatization**

**Proposal.** President Bush has again snuck a big Social Security privatization plan in his budget that, if enacted, would result in millions of middle-income workers receiving little or no Social Security benefits in retirement. In California, 3.1 million beneficiaries could be subject to an annual benefit cut of \$6,850 under the President's private account plan, according to an analysis by the House Ways and Means Committee. [Center on Budget and Policy Priorities, [5/2/05](#); Committee on Ways and Means, *The Bush Benefit Cuts: State-by-State Impact*, 9/14/06]

**President's Health Care Proposal Will Squeeze California's Middle Class With More Costs and Less Coverage.** The President's health insurance proposal will not help the vast majority of California's 6.8 million uninsured, will not address rising health care premiums that have increased 87 percent since 2000, and would eventually impose a new health insurance tax on many California middle class families. The President's proposal would also weaken traditional employer-sponsored health insurance, which covers 17.1 million California workers and their families, by extending the current tax incentive for such group coverage to coverage in the more costly individual market. [Kaiser State Health Facts, (Uninsured [2005](#)), (Employer Coverage [2005](#)); Joint Economic Committee, *The President's Health Care Proposal: All Risk, No Reward*, [January 2007](#); Kaiser Family Foundation, *Employer Health Benefits 2006 Annual Survey: Summary of Findings*, [2006](#)]

### **Huge Cuts Would Endanger California's 3.3 Million Medicare and 5.8 Million Medicaid**

**Beneficiaries' Access to Quality Care.** The administration's budget includes \$102 billion in cuts over five years to Medicare and Medicaid that threaten to endanger California's 3.3 million Medicare and 5.8 million Medicaid patients' access to the care they need to lead healthy, independent lives. Under the President's plan, more than \$75 billion would be cut from Medicare and \$26 billion from Medicaid over five years. These cuts would be achieved by reducing reimbursements to health care providers and charging higher premiums based on income for Medicare beneficiaries for coverage of prescription drugs and doctors' services. [President Bush FY2008 Budget; Preliminary Analysis of Department of Health and Human Services FY2008 Budget; Kaiser State Health Facts, [2005](#); *New York Times*, [2/4/07](#)]

**Underfunding of State Grants for Children's Health Care Could Add to the Ranks of California's 1.4 Million Uninsured Kids.** While the President's budget would slightly increase the federal contribution to the State Children's Health Insurance Program (SCHIP), it is \$10 billion less than is needed to merely continue covering the children already enrolled in SCHIP and would give California less money to cover its neediest children. Further cuts will undermine a program critical to raising healthy and economically secure children and risk adding to the ranks of California's nearly 1.4 million uninsured kids. In FY2006, California benefited from \$647 million in SCHIP block grant funding. [President Bush FY2008 Budget; Federal Funds Information for States Database; Kaiser State Health Facts, [2005](#); Center on Budget and Policy Priorities, [11/26/06](#)]

**California's 2.2 Million Veterans Could Be Hurt By VA Funding Shortfalls.** Nearly half of the military servicemen and women serving in Iraq and Afghanistan will require health care services for the physical and psychological traumas of war, yet the President's budget again underfunds the Department of Veterans Affairs. The budget requests approximately \$34.2 billion for veterans health care, a 6-percent increase over the 2007 funding level of \$32.3 billion in the continuing budget resolution. The VA has testified in the past that the Veterans Health Administration requires a minimum annual increase of 13-14 percent to meet the rising costs from medical inflation and increasing demand. Without adequate funding, the VA health care system will find it more difficult to provide quality care for California's 2.2 million veterans and troops returning from Iraq and Afghanistan. [The Independent Budget, Critical Issues Report, [On FY2008](#); *Newsweek*, 1/19/06; U.S. Census Bureau, [2005](#) American Community Survey; FY2007 Continuing Resolution]

**Aid for California's College Students Whacked Again; University of California at Berkeley Tuition Up 74 Percent in Four Years.** Over the course of their lifetime, college graduates will earn \$1 million more than high school graduates, and college graduates are more likely to have jobs that offer employer-sponsored health care and retirement benefits. Yet the President's budget again freezes funds for key college programs like work study and zeroes out Supplemental Educational Opportunity Grants (SEOG). In 2006, California received \$105.4 million in federal college work study funds and \$79.9 million in SEOG grants. As tuition and fees at schools like University of California at Berkeley increase 74 percent in just four years, the administration's cuts in student aid will put college further out of reach for many California students. [State PIRG Higher Education Project, April 2006; Federal Funds Information for States Database; Chronicle for Higher Education, Tuition and Fees, 2002-2007]

**Funding for California Terrorism Prevention and Disaster Response Slashed by Millions.** The President's budget guts programs that help California's local governments prevent and respond to acts of terrorism and other major disasters. The State Homeland Security Grant Program, which awarded \$341.1 million to California from 2003 through 2006, was cut to \$187 million nationally. The Bush administration also attempts to eliminate the Law Enforcement Terrorist Prevention Program (LETPP) by reducing the national funding level from \$384 million in 2006 to just \$263 million. California received \$73.3 million from 2004 through 2006 in LETPP funding for prevention of terrorist attacks, intelligence gathering and interoperable communications. [President Bush FY2008 Budget; Federal Funds Information for States Database; Department of Justice]

**Programs to Keep California's Neighborhoods Safe Lose Millions in Federal Funding.** The President's budget again attempts to eliminate two of California's local crime fighting tools—the Community Oriented Policing Service (COPS) program and Justice Assistance Grants (JAG). COPS helps California's law enforcement agencies hire police officers, enhance crime fighting technology, and support crime prevention initiatives, while JAG supports state and local drug task forces, community crime prevention programs and prosecution initiatives. In 2006, California received \$37.5 million in JAG funding and \$14.8 million in COPS funding that it used to keep neighborhoods safer for California families. [President Bush FY2008 Budget; Federal Funds Information for States Database; Department of Justice, COPS End of Year Report, [FY 2006](#)]

**Budget Turns a Blind Eye to Global Warming; Carbon Emissions in California Have Increased 6 Percent Since 1990.** The President's budget once again ignores global warming, despite his first-ever remarks on climate change in the State of the Union two weeks ago. But despite the decisive scientific evidence that unabated carbon emissions will cause increasing world-wide temperatures, dangerous weather disruptions, and serious economic costs from global climate change, *this administration is not funding a single new proposal likely to reduce carbon emissions from their current levels.* This failure to act is all the more serious as new links are being drawn between carbon emissions and asthma among school-aged children and heart disease among women. Carbon emissions have increased 6 percent in California since 1990. [Pew Center Global Climate Change, [Response to 2007 State of the Union](#); Environmental Protection Agency, CO2 Emissions from Fossil Fuel Combustion, Million Metric Tons CO2, [1990-2003](#); New York Times, 11/19/06; New York Times, 2/1/07]

**Another Round of Cuts to Community Investments Could Slow Economic Development in California.** After being saved by Democrats in Congress two years in a row, the Community Development Block Grant Program (CDBG) is once again on the President's chopping block. The CDBG program is a signature program for California's cities, counties and local communities to create jobs, spur economic development and small business opportunities and expand homeownership. California's CDBG funding is being reduced by \$139.6 million from its 2006 funding level of \$474.3 million. By cutting CDBG, the President's budget would undermine the economic well-being of

California's communities and the future generations that live there. [President Bush's Budget, FY2008; Federal Funds Information for States Database; National League of Cities]