



COMMITTEE ON APPROPRIATIONS

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The President's Budget Request Good Ideas, Bad Ideas, and the Usual Phony Baloney

Four months into fiscal year 2007, 13 cabinet agencies are operating without a budget because last year the President and the Congressional Republican leadership started off the year with phony assumptions and phony numbers that made it impossible for them to complete work on 9 of the 11 annual appropriations bills.

Instead of a real budget that made real choices, they played let's pretend. They pretended the President's tax cuts for the very rich were affordable when they were not. They pretended to cut the deficit when they did not. And when members of their own party wouldn't support the budget until they were promised increased funding for the Labor, Health and Education bill, the leadership pretended to provide increases that never materialized.

Pretending makes for a nice sound bite and a good photo op, but it left a hell of a mess for us to clean up in the joint funding resolution just passed by the House.

This year the President's budget request isn't much better. The difference is, this year we will have the opportunity to show just what a real budget looks like.

The following analysis compares the President's budget request to either the FY 2007 enacted Defense or Homeland Security bills or the Joint Funding Resolution recently passed by the House.

In the President's budget, where there's good news, bad news is sure to follow. The budget made headlines for its biggest number, nearly three quarters of a trillion dollars for the Department of Defense, but domestic non-security funding did not fare nearly as well.

DEFENSE

The President requests \$481 billion for the base budget of the **Department of Defense**, a \$49 billion increase. In addition, the budget asks for \$93.4 billion for the FY 2007 Emergency Supplemental and \$141.7 billion in emergency funds for FY 2008 for efforts in Iraq and Afghanistan.

But for our troops? The Administration still has a \$1.9 billion hole in **Defense Health** it wants to pay for by raising premiums and fees for service members and their families. They know Congress will never pass these fee increases, but propose them looking to make their numbers add up.

VETERANS

The **Department of Veterans Affairs** would receive \$39.4 billion, a much needed increase of \$2.9 billion. BUT, the budget proposes increasing the prescription drug co-pays for Veterans, a proposal that Congress has repeatedly rejected.

HOMELAND SECURITY

The Administration is advertising an 8% increase to the **Department of Homeland Security**. BUT, to get this increase they do not count \$1.8 billion in “emergency” spending for border security provided in 2007 while they do take credit in 2008 for increases in fee revenue generated by heavier workloads. When you account for these factors, Homeland Security sees an increase of about 1%.

An increase below inflation means some good programs face cuts. For example, **TSA Explosive Detection Systems and Checkpoints** would be funded at \$440 million, an \$89 million cut to explosive detection systems only months after the London plot showed us the need to detect liquid explosives.

GRANTS TO KEEP US SAFE

The Administration touts a new, “more effective” way to help states meet their law enforcement needs by consolidating grants at the Department of Justice. BUT, overall funding for **state and local law enforcement grants** - including **Byrne, COPS, Juvenile Justice, and Justice Assistance** - is requested at \$1.16 billion, a \$1.4 billion cut.

These cuts are compounded by cuts to grants funded through the Department of Homeland Security:

- **Fire Grants:** requested at \$300 million, a \$362 million cut
- **State Formula Grants:** requested at \$250 million, a \$650 million cut
- **Metropolitan Medical Response System Grants:** ELIMINATED (\$33 million)
- **Commercial Equipment Direct Assistance Grants:** ELIMINATED (\$50 million)
- **Demonstration Training Grants:** ELIMINATED (\$30 million)

THE ENVIRONMENT

In a welcome move, the **National Parks** would see an increase of \$211 million, allowing them to add 2,000 additional full time employees and begin to address the estimated \$600 million backlog in upkeep and budget squeezes that have caused parks to cut services including visitor center hours, education programs, and law enforcement. BUT, at the same time, the **Clean Water State Revolving Fund** at EPA is funded at only \$688 million, a \$396 million cut to a keystone of the Clean Water Act which helps local communities meet water quality standards, repair and replace old and decaying pipelines and treatment plants, and restore the health and safety of America’s water.

HEALTH

Under the President's budget domestic **HIV/AIDS health services** and prevention activities at HHS, including **Ryan White** and **CDC HIV/AIDS** programs, would receive \$2.9 billion, an increase of \$61 million. BUT, overall funding for the **Department of Health and Human Services** is \$63.2 billion, an \$859 million cut below the joint funding resolution, causing cuts in other programs, such as:

- **Public Health Emergency State and Local Preparedness:** requested at \$1.1 billion, a \$131 million cut to bioterrorism grants to states
- **Preventive Health and Health Services Block Grant:** \$5.7 billion is requested for the Centers for Disease Control, a \$221 million cut that completely eliminates the Preventive Health Block Grant (\$99 million), a flexible block grant for State health departments to support public health improvement activities
- **Substance Abuse and Mental Health Services Administration:** requested at \$3 billion, an \$83 million cut to substance abuse prevention and treatment programs. **Mental health programs** are cut from \$884 million to \$807 million

In a positive move, the contribution by the **National Institutes of Health (NIH)** to the **Global AIDS** fund would be increased by \$201 million. BUT, **NIH research** activities are cut by \$480 million, a cut that would result in 800 fewer research grants.

EDUCATION

The Administration proposes to increase the maximum **Pell Grant** by \$290 to \$4,600 (the Joint Funding Resolution provided a \$260 increase to \$4,310). BUT, with the exception of **College Work Study** (which is frozen), funding for all other campus-based student aid programs is eliminated and the President again proposes to recall \$419 million from **Perkins Loan** revolving funds used by 1,315 colleges and universities to provide low-interest loans to students. Approximately 1 million students would lose financial aid awards as a result of these cuts.

Overall, the Administration requests \$56 billion for the **Department of Education**, a \$1.2 billion cut that would:

- Cut **Special Education**, requesting \$10.5 billion for **IDEA Part B State grants**, a \$291 million cut that will reduce the Federal percentage contribution for special education for 6.9 million children with disabilities from 17.2 percent in 2007 to 16.5 percent in 2008.
- Eliminate **Supplemental Educational Opportunity Grants** (\$771 million), **Educational Technology State Grants** (\$272 million), and **Even Start** (\$99 million).
- And cut many other programs such as: **Career and Technical Education** State Grants by \$582 million (49%), **Safe and Drug Free Schools** State Grants by \$246 million (71%), and **Teacher Quality** State Grants by \$100 million (3.5%).

TRUE COMPASSION

The Administration requests \$5.4 billion for the Special Supplemental Nutrition Program for **Women, Infants and Children** (WIC), an increase of \$182 million. BUT, the budget would pass on \$145 million in administrative costs to states, a proposal the Congress routinely rejects.

The same budget request would eliminate funding for the **Commodity Supplemental Food Program**, \$107.2 million that is used to improve the health of roughly 476,000 low-income pregnant and new mothers, children up to age six, and the elderly by giving them access to nutritious foods.

Throughout the President's budget, cuts are made to programs meant to provide a helping hand to those who need it:

- **Community Block Grants: Community Services Block Grants** are TERMINATED (\$630 million) and **Social Services Block Grants** would receive \$1.2 billion, a \$500 million cut, slashing grants that support child care, job training, emergency food and rent assistance, home weatherization, and other critical services for low-income families.
- **Head Start:** requested at \$6.8 billion, a \$100 million cut that could mean 13,500 fewer children could participate.
- **Legal Services Corporation:** requested at \$311 million, a \$38 million cut to legal assistance for low-income Americans with no place else to turn. 50 million Americans qualify for this aid, but a 2005 study by LSC found that 50% of the eligible Americans seeking assistance from LSC are turned away for lack of resources.
- **Low Income Home Energy Assistance Program:** requested at \$1.8 billion, a cut of \$379 million that would cause almost a million fewer households to receive home energy assistance.

HOUSING

The President's request provides \$1.59 billion for **Homeless Assistance Grants**, a \$144 million increase to help local governments and nonprofits fight chronic homelessness. Similar to the joint funding resolution, the budget would change the **formula for the Section 8 Tenant-based voucher program**, basing it on the most recent leasing and cost data instead of out of date information from 2004.

BUT, overall the **Department of Housing and Urban Development** is funded at \$35.2 billion, a \$1.4 billion cut.

- **Section 8 Project-Based:** requested at \$5.5 billion, a \$453 million cut that would cause roughly 70,000 individuals and families currently in the program to lose their vouchers.
- **Public Housing Capital Fund:** requested at \$2 billion, a \$415 million cut that would force Public Housing Authorities to put off needed maintenance.
- **Community Development Block Grant:** requested at \$3 billion, a \$735 million cut to grants that help state and local governments address community development needs, such as affordable housing, supportive services, and expanded economic opportunities.
- **HOPE VI**, HUD's program for revitalizing severely-distressed public housing (\$99 million) and **Brownfields** redevelopment (\$9.9 million) are ELIMINATED.
- Many more programs are cut including **Housing for Persons with Disabilities** by \$118 million (50%), **Housing for the Elderly** by \$160 million (22%), and **Lead-Based Paint Hazard Reduction** by \$34 million (23%).

RURAL AMERICA

Throughout the budget the President would make cuts to programs that benefit rural communities.

Rural Health Programs would be funded at \$140 million, a \$142 million cut to programs to improve access to healthcare in rural communities at the Health Resources and Services Administration (HRSA) including **Rural Health Research, Rural Outreach Grants, Rural Hospital Flexibility Grants, and State Offices of Rural Health.**

Health Professions Programs would receive \$115 million, a \$219 million cut that primarily impacts programs to encourage students and residents to choose primary care fields and practice in underserved urban and rural areas.

Federal Aviation Administration Airport Improvement Program (AIP) would receive \$2.75 billion, a \$765 million cut that, under current law, would significantly reduce airport formula funding. 2,986 airports that serve fewer than 10,000 passengers a year - mostly in small, rural communities - would lose their guaranteed formula funding (\$150,000 per airport per year).

Essential Air Service (EAS): \$50 million is requested to continue support for airlines that provide air service to small and rural communities, a \$59 million cut that would result in the elimination of air service for a number of these communities.

Small Community Air Service Development Program is ELIMINATED (\$10 million). These grants to help small communities attract commercial air service.

Rural Community Advancement Program (RCAP) would be funded at \$571 million, a \$156 million cut to programs that help communities with critical infrastructure and economic development. The budget:

- ELIMINATES **Community Facility Grants**, which help rural communities construct, enlarge, or improve community facilities for health care, public safety, and community and public services (\$18 million)
- ELIMINATES **Rural Business Enterprise and Opportunity Grants** (\$45 million)
- Cuts **water and waste grants** by \$90 million, requesting \$346 million

Rural Housing and Economic Development at HUD is ELIMINATED. This is a \$16.8 million program to provide resources to support comprehensive community development efforts in rural communities.

Rural Housing Insurance Fund (RHIF) the budget proposes to move funds from direct loans to guaranteed loans, which would reduce the number of loans to help rural families and individuals buy homes. The budget:

- ELIMINATES over \$1 billion in Section 502 direct loans and increases Section 502 guaranteed loans by \$1.2 billion. Budget documents predict that this move would result in 1,398 fewer units (from 40,517 to 39,119) for the very poorest participants, even with the increased funding.
- ELIMINATES \$100 million for Section 515 direct loans while increasing funding for Section 538 guaranteed loans by \$100 million. Budget documents predict that this move would result in 2,137 fewer units (from 7,963 to 5,826) for the very poorest participants.

WORKERS

There is not much to tout for workers, as the Administration proposes \$11 billion for the **Department of Labor**, a \$722 million cut.

- **Workforce Investment Act:** \$2.7 billion is requested, a \$609 million cut. Within this total, **adult training** is cut \$152 million (17.6%), **youth training** is cut \$100 million (10.6%), **dislocated workers** training is cut \$357 million (24.3%), eliminating services for 173,000 people. An additional \$335 is rescinded from million from prior-year WIA appropriations jeopardizing services to an additional 108,000 job-seekers, primarily dislocated workers.
- **Job Corps:** is cut \$55 million (3.5 %) eliminating occupational skills training for 4,300 disadvantaged, out-of-school youth who lack education and job skills.
- **Migrant and Seasonal Farmworkers:** the program is ELIMINATED (\$80 million), cutting training and support services for 21,500 economically disadvantaged participants.
- **Employment Service:** is requested at \$722 million, a \$28 million cut to the Federal-State public labor exchange, which matches employers to job seekers.
- **Title V Senior Employment Program:** requested at \$350 million for the Title V older workers program, a \$134 million cut, which would cut 44,000 seniors from the program.
- **International Labor Affairs:** requested at \$14 million, a \$58 million cut, which would eliminate nearly all international cooperative agreements and grants aimed at eliminating child labor and promoting labor standards.

SCIENCE

Under the request, **NASA** would be funded at \$17.3 billion, a \$1 billion increase including a \$462.8 million increase to the account that funds the **Moon-Mars** initiative. BUT, while the President's Moon-Mars initiative does well, **Energy Efficiency and Renewable Energy** at the Department of Energy are funded at only \$1.2 billion, a \$237 million cut including only \$144 million for the Weatherization Assistance Program, a nearly \$100 million cut.

INFRASTRUCTURE

Funding for the **Corps of Engineers** is requested at \$4.87 billion, a \$458 million cut that exacerbates the operations and maintenance back-log for navigation systems, and delays completion of on-going construction projects leaving infrastructure vulnerable to failure and areas vulnerable to flooding.

Amtrak would receive \$900 million, a \$394 million cut that would kill our national passenger rail system, forcing services and routes to be severely cut or eliminated.

Federal Transit Administration's Capitol Investment Grants are funded at \$1.4 billion, a \$167 million cut to commuter rail and light rail transit systems. This is \$300 million below the levels authorized by SAFETEA-LU.