



COMMITTEE ON APPROPRIATIONS

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President's Budget 2009: Missed Opportunities, Misplaced Priorities, and Fiscal Fairytales

WASHINGTON – Yesterday, the President sent his last budget request to the Congress.

Ideally, the President would look at where our country is today, where we want to be in 10 years, and the Budget would make the investments that get us there. Instead, the President's budget is a dreary and irresponsible re-run of those we have seen for the past eight years—missed opportunities, misplaced priorities, and fiscal fairy tales.

The President's request increases the Department of Defense by \$32 billion (on top of a \$38.7 billion (10%) increase last year) and increases Foreign Operations by \$5.4 billion (on top of a \$1.5 billion (5%) increase last year). Hiding the full war costs, the budget asks for only \$70 billion for efforts in Iraq and Afghanistan in 2009, but total costs will be much higher (the Administration has requested nearly \$200 billion for 2008).

Everything else in the budget is frozen or cut.

The President touts cutting & eliminating 151 programs totaling \$18 billion. But when you look past the press release you see this includes:

- Eliminating 50 education programs, including student financial aid
- Eliminating 20 programs to improve healthcare access
- Deep cuts to highway infrastructure
- Slashing support for law enforcement
- Cutting renewable energy and energy conservation programs
- Taking away energy assistance for low-income families

These are re-runs of the same destructive priorities the President has included in his budget year after year. **The Democratic Congress rejected those cuts in the 2007 and 2008 budgets, and is committed to continuing to make critical investments to strengthen our economy, help Americans struggling to make ends meet in an economic downturn, and restore fiscal responsibility.**

THOSE WHO SERVE

The Administration has again presented a \$1.2 billion hole in **Defense Health** it wants to pay for by **raising premiums and fees for military retirees and military family members**. They know Congress will never pass these fee increases, but propose them looking to make their numbers add up.

Veterans Medical Care is essentially frozen. The President's budget documents claim big increases for Veterans, but their comparisons don't include emergency funding provided by the Congress. When comparing full funding from last year, the President's request for Veterans Medical Care barely keeps up with inflation. Our nation's veterans would also be hit with increased prescription drug co-pays and higher fees to enroll in healthcare programs.

KEEPING US SAFE AT HOME

Despite the President's rhetoric, Homeland Security is flat funded. The President's press releases claim a \$2.7 billion or 7.6% increase for the Department of Homeland Security over last year. This comparison ignores a \$2.7 billion emergency expenditure for Border Security Congress provided last year, hiding the fact that Homeland Security funding is actually frozen.

Homeland Security Grants are cut in half, from \$4.15 billion to \$2.15 billion, which includes:

- **Fire Grants** are cut from \$750 million to \$300 million, a 60% cut, including the elimination of SAFER grants (-\$190 million);
- **State Grants** are cut from \$950 million to \$200 million, a 79% cut;
- **Metropolitan Medical Response Grants** are **ELIMINATED** (-\$41 million);
- **Emergency Management Performance Grants** are cut from \$300 million to \$200 million, a 33% cut; and
- **Port Security Grants** are cut from \$400 million to \$210 million, a 47% cut.

Grants to Help State and Local Law Enforcement Fight Crime - including **Byrne, COPS, Juvenile Justice, SCAAP, and Violence Against Women** – are cut \$1.5 billion (65%) from \$2.3 billion to \$813 million.

Bioterrorism Preparedness Grants are cut by \$199 million to \$971 million, cutting support for state and local governments and hospitals.

Nuclear Non-Proliferation is cut by \$411 million to \$1.2 billion, including a \$195 million cut to efforts to secure loose nukes in Russia and former Soviet block states.

FOCUS ON FAMILY SECURITY AND THE ECONOMY – LONG TERM INVESTMENTS IN OUR ECONOMIC STRENGTH

LABOR: Strengthening Our Current Workforce

As our nation fights the specter of a recession, and workers struggle to compete in a global market, the President's budget would **cut the Department of Labor by \$1.2 billion, a 10% cut.**

- **Workforce Investment Act programs are cut \$515 million** (-14%) to \$2.7 billion, including cuts to adult training (-\$150 million), youth training (-\$84 million), and dislocated workers (-\$241 million).
- **Job Corps is cut \$46 million** (-2.8%), eliminating occupational skills training for many disadvantaged, out-of-school youth who lack education and job skills.
- **Employment Service Grants are ELIMINATED** (-\$703 million), ending the Federal-State public labor exchange, which matches 13 million employers and job seekers each year.
- **Senior Employment is cut \$172 million** (-33%) to \$350 million, slashing the effort which puts low-income seniors to work serving their communities.
- **International Labor Affairs Bureau is cut \$66 million** (-82%) to \$15 million, hurting efforts to eliminate child labor and promote labor standards.

EDUCATION: Preparing the Next Generation of Workers

Overall, the President's budget would eliminate 50 Education programs totaling \$3.3 billion.

- **Many programs that meet targeted K-12 needs are ELIMINATED**, including efforts to improve technology in the classroom (-\$268 million), and Even Start (-\$66 million).
- **Other K-12 programs are cut significantly, including Safe and Drug Free Schools** (-\$195 million) and **After School Programs** (-\$281 million).
- **Vocational Education Programs are ELIMINATED** (-\$1.3 billion).
- **Three student aid programs – Perkins, SEOGs and LEAP - are ELIMINATED** (-\$886 million) and \$1.1 billion is taken from Perkins Loans, together cutting assistance for 1.8 million students.
- **Historically Black Colleges, Hispanic Serving Institutions, and Tribal Colleges are cut \$139 million** (-27.7%), to \$363 million.

SPURRING BUSINESS GROWTH

Manufacturing Extension Partnership is TERMINATED (-\$86 million) ending the program to help small and mid-size manufacturers to compete globally by providing them with technical advice and access to the latest technology.

Small businesses create jobs and drive economic growth, but important small business programs are reduced or terminated in the budget: Small Business Development Center Grants are cut by \$10 million (-10%), the Microloan Technical Assistance program is **TERMINATED** (-\$15 million), microloan interest rates would increase (equivalent to a \$2 million cut), the **PRIME** technical assistance program, which helps lower-income entrepreneurs, is **TERMINATED** (-\$3 million), and Women's Business Center Grants are cut by \$1.1 million (-9%).

The Community Development Financial Institutions Fund is cut by \$65 million (-70%). This program helps disadvantaged and underserved communities gain access to important financial services and capital. Investments in the CDFI Fund promote economic growth and are repaid through increased tax revenues.

INFRASTRUCTURE: Creating Jobs by Building Our Country

Highway Infrastructure is funded at \$39.4 billion, \$800 million below the level guaranteed in the highway authorization bill SAFETEA-LU, passed by the Republican Congress, signed into law by President Bush, to improve and maintain our nation's aging highway infrastructure.

Army Corps of Engineers is cut \$846 million (-15%), from \$5.6 billion to \$4.7 billion, exacerbating the operations and maintenance back-log for navigation systems vital to our economy, and delaying completion of on-going construction projects leaving infrastructure vulnerable to failure and areas vulnerable to flooding.

Amtrak is cut \$525 million (-39%) to \$800 million, a cut that would kill our national passenger rail system, forcing services and routes to be severely cut or eliminated. Our nation's rail is vital for shipping people and goods across the country in a low-cost, environmentally friendly way.

Airport Modernization, Improvement and Efficiency Grants are cut \$765 million (-22%), to \$2.8 billion, for efforts to ease congestion improve safety and reduce noise.

COMPASSION: Helping Americans Struggling to Make Ends Meet in the Economic Downturn

Commodity Supplemental Food Program is ELIMINATED. The \$140 million program is used to improve the health of 473,000 low-income pregnant women and new mothers, children up to age six, and the elderly by giving them access to nutritious foods.

WIC - Nutrition Program for Women, Infants, and Children (WIC) is short funded. The President's budget would push administrative costs onto states and assumes no growth in the program. Similar phony accounting last year led to the need for an emergency appropriation late in the year. This proposal could only do the same.

Community Services Block Grants are TERMINATED (-\$654 million) and **Social Services Block Grants** are cut \$500 million and eliminated starting in 2010, slashing grants that help each state provide social services that best meet the needs of their residents, including: child care, protective services, help for the disabled, adoption, counseling, transportation, foster care, substance abuse, congregate meals, employment services and other critical services for low-income families.

Low Income Home Energy Assistance Program is cut \$570 million (-22%), to \$2 billion. This cut could cause 1.2 million families to lose needed help with rising energy costs.

Weatherization Assistance is ELIMINATED, this \$227.2 million program at the Department of Energy helps low income families to reduce their heating and air conditioning bills by helping them to insulate their homes.

Legal Services Corporation is cut \$39 million (-11%), to \$311 million, cutting legal assistance for low-income Americans with no place else to turn. Half of the eligible Americans seeking assistance from LSC are turned away for lack of resources.

HOUSING:

- **Public Housing Capital Fund is cut \$415 million** (-17%) to \$2 billion, a cut that would force Public Housing Authorities to put off needed maintenance, and adding to an \$18 billion maintenance backlog at public housing facilities across the country.
- **Tenant-Based Section 8 Vouchers are cut \$386 million** (-2.4%) to \$16 billion, a cut that would force 55,000 Americans to lose their homes.
- **Community Development Block Grants are cut by \$865 million** (-22.4%) to \$3 billion, for 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 (-\$100 million) and **Brownfields** redevelopment (-\$10 million) are ELIMINATED.
- Many more programs are cut, including: **Housing for Persons with Disabilities** by \$77 million (-32%); **Housing for the Elderly** by \$195 million (-26%); and **Lead-Based Paint Hazard Reduction** by \$29 million (-20%).

HEALTHCARE, PUBLIC HEALTH, and MEDICAL RESEARCH

The President's budget compounds drastic cuts made to Medicaid and Medicare with deep cuts to discretionary healthcare programs.

- **Healthcare Access Programs are cut by \$1 billion** (-14%) to \$5.7 billion at the Health Resources and Services Administration, one of the primary federal agencies responsible for expanding healthcare access.
- **Medical Research into diseases such as Alzheimer's, cancer, diabetes and stroke is frozen at \$29.2 billion**, resulting in 566 fewer research grants at the National Institutes of Health than there were in 2007.
- **Centers for Disease Control and Prevention is cut by \$475 million** (-7%) to \$5.9 billion. Preventive Health and Health Services block grants are **ELIMINATED** (-\$97 million), ending a flexible block grant for State health departments to support public health improvement activities and funding for health monitoring and treatment of World Trade Center workers and residents is cut by \$83 million (-77%).
- **Substance Abuse and Mental Health Services Administration is cut by \$199 million** (-6%), to \$3.2 billion for substance abuse prevention and treatment programs. **Mental health programs** are cut from \$911 million to \$784 million.
- **International Child Survival and other Global Health Programs are cut by \$136 million**, including cuts to maternal and child health (-\$77 million or -17%) and avian flu (-\$65 million or -56%).

THE ENVIRONMENT

Drinking Water and Wastewater Projects at EPA are cut \$286 million, including a \$134 million cut to the **Clean Water State Revolving Fund** at EPA and a \$152 million cut to **State and Tribal Assistance Grants**. These programs help 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. These cuts are on top of the \$248 million reduction in water and wastewater grants for rural communities funded through USDA.

Nuclear Contamination Clean-Up efforts at DOE are cut \$142 million to \$480 million, hurting efforts to clean up nuclear contamination at sites in Ohio, Kentucky, and Tennessee.

U.S. Forest Service non-fire activities are cut \$413 million, including cuts to research (-\$25 million), **forest health** (-\$43.7 million), **state fire assistance** (-20.6 million), **stewardship** (-\$24.5 million).

- The National Forest System account is cut by \$125 million to \$1.3 billion, a cut that would force the service to lay off 1,183 employees.

Efforts to Restore and Protect Great Bodies of Water at EPA are cut \$51 million to \$110.5 million.

Energy Efficiency and Renewable Energy Programs at the Department of Energy are cut \$467 million (27%), funded at only \$1.2 billion.

Rural Renewable Energy Loans and Grants provided by USDA are ELIMINATED. The \$221 million program helps farmers, ranchers and rural small businesses purchase and install renewable energy systems and make energy efficiency improvements.

RURAL AMERICA

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

Rural Health Programs are cut \$112 million (-82%), to \$25 million, for programs to improve access to healthcare in rural communities at the Health Resources and Services Administration (HRSA).

Health Professions Grants are ELIMINATED (-\$194 million), terminating programs to encourage students and residents to practice in underserved urban and rural areas.

Federal Aviation Administration Airport Improvement Program (AIP) is cut \$765 million (-22%), to \$2.75 billion, significantly reducing 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 is cut \$75 million (-60%), to \$50 million, slashing support for airlines that provide air service to small and rural communities, likely resulting in those communities losing air service.

Rural Development Loans and Grants are cut \$417 million (-58%) to \$568 million, reducing assistance for 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 (-\$27 million)
- **ELIMINATES Rural Business Enterprise and Opportunity Grants** (-\$45 million)
- **Cuts water and waste grants by \$248 million,** from \$469 million to \$220 million.

In addition, Rural Water Projects at the Bureau of Reclamation are cut \$105 million or 73%, slashing assistance for small, rural communities and tribes.

Rural Housing and Economic Development at HUD is **ELIMINATED** (-\$17 million), stopping resources to support comprehensive community development efforts in rural communities.

Housing for Families at USDA is ELIMINATED. The \$1.1 billion Section 502 direct single family housing program helps over 10,000 low-income families in rural communities to purchase, build and rehabilitate homes each year.

Economic Assistance Development Programs are cut \$149 million, forcing cutbacks in programs and grant funding.

Rural Broadband support is eliminated, the \$13 million Community Connect Grants help rural communities gain internet access.

Even a small program like **Rural Fire Assistance is ELIMINATED** (-\$6 million).