



A Wisconsin Perspective on President Bush's FY2009 Budget Proposal

February 6, 2008

Prepared by the staff of Senator Herb Kohl

United States Senate

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Dear Friends:

On Monday, the President submitted to Congress his proposed budget for Fiscal Year 2009. Now Congress begins the long process of analyzing, debating and modifying that budget and the appropriations bills that go with it. As this process gets underway, I asked my staff to prepare the following “instant analysis” of the President’s budget from a uniquely *Wisconsin perspective*. They have highlighted a range of programs that lend Wisconsin context to the challenges and opportunities we face.

The President has put forward a 3-trillion-dollar budget with near-record projected deficits and the biggest defense expenditure since World War II. This budget, unfortunately, recycles a number of ill-advised proposals that have been roundly rejected in the past. Simply put, it will not get the job done. It squeezes Medicare and Medicaid. It ignores the long term-costs of fixing the Alternative Minimum Tax and our obligations in Iraq and Afghanistan. Congress *can* and *will* do better in addressing the challenges Americans face on education, health care, job creation, crime prevention, and high energy costs. I look forward to working with Democrats and Republicans alike in passing a plan that puts the priorities of the American people first.

Presidential budgets can have enduring impact; they set the stage for thousands of negotiations, big and small, that will follow in the months ahead. But our founding fathers were also very clear in giving Congress a central role in directing the nation’s finances. And that is the sobering task we undertake in the weeks to come. It is a profound responsibility and I welcome your advice as this work proceeds.

Sincerely,



Herb Kohl
United States Senator

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Overview

By the Administration's own estimate, the President's budget will yield annual deficits over \$400 billion for the next two years (which will, of course, add to the national debt). But those numbers alone don't really tell the whole story. Embedded in the detail of the President's budget are a host of assumptions and tactics that simply do not withstand even gentle scrutiny. The Administration proposes \$70 billion for war costs (by comparison, it requested \$200 billion in 2008.) and ignores the looming issue of the Alternative Minimum Tax. These deficiencies and others prompted one of the Administration's staunchest budget allies on Capitol Hill to observe that this budget included an "inordinate number of games to try to make it look better." Even then, it doesn't look very good.

Earmarks in perspective

As the budget debate goes forward we fully expect robust discussion of Congressional earmarks. This debate, in our view, can be healthy insofar as it prompts more scrutiny to ensure that earmarks serve legitimate public purposes. But with all the conflicting information this topic generates, we believe it's also important to keep earmarks in fiscal perspective. For fiscal year 2008, earmarks comprised *1.7 percent of discretionary spending*. As a percentage of *total* government spending (including entitlements and other mandatory programs) earmarks constituted *0.6 percent of all anticipated federal spending*. Though modest in their overall share of the federal budget, earmarks *can* serve as a legitimate response to state and local needs which might otherwise be ignored by the Federal government. Continued vigilance is essential to ensure that legitimate public interests are being served through earmarks. That will continue to be our central objective when advocating Wisconsin projects in the coming fiscal year.

The months ahead will be punctuated by fierce competition for limited federal resources. In the following pages we elaborate on a variety of programs that have historically been important to Wisconsin.

Community and Economic Development

Community Development Block Grants - HUD

Community Development Block Grants help communities create jobs, spur economic development and create affordable housing. **The level proposed for FY2009 would result in Wisconsin receiving \$12 million less than in FY2008.**

Section 8, Housing Voucher Choice– HUD

The Administration proposes an across-the-board cut of \$740 million to the Section 8 Housing Voucher program, which **would leave about 900 families in Wisconsin without housing assistance.** The Section 8 program allows low-income families and seniors to rent affordable housing in the private marketplace.

Rural Development – USDA

The budget proposes elimination of several USDA rural development programs. In 2007 rural communities in Wisconsin received the following benefits under these programs targeted for elimination: **Value Added Development Grants - \$3.305 million; Rural Business Enterprise and Opportunity Grants - \$1.4 million; and Renewable Energy/Energy Efficiency Loans and Grants - \$3.99 million.**

Clean Water State Revolving Fund – EPA

The Clean Water State Revolving Fund provides low interest loans to communities to help them update decaying waste water systems. These funds help protect rivers and streams by preventing sewer overflows and contamination. In FY2008 this program is funded at \$689 million, with Wisconsin receiving \$18.5 million. **Under the President's FY2009 budget, Wisconsin would receive \$14.9 million, a \$3.6 million cut.**

Manufacturing Extension Partnership – Commerce

In the past year, Wisconsin MEP helped 435 Wisconsin manufacturers achieve an impact of \$137 million and saved or retained 855 jobs. **In the past five years, Wisconsin MEP has helped 1,200 manufacturers achieve an economic impact of \$839 million and created or saved 8,000 jobs.** As he has in several previous budgets, President Bush in FY2009 recommends eliminating the MEP program. Senator Kohl has been a champion for MEP funding and has successfully argued for its restoration in previous budget cycles.

Education

No Child Left Behind (NCLB) – Education

Despite calls from the Administration to reauthorize the No Child Left Behind (NCLB) Act, the President proposes to fund the law at \$14.7 billion below the *authorized* levels, for a cumulative shortfall of \$85.6 billion since the enactment of NCLB. The President's proposes a total of \$24.7 billion for NCLP. Notably, Title I funding for disadvantaged schools is funded at \$14.3 billion, or \$10.7 billion below the authorized level. **Under this budget, Wisconsin schools would get \$198 million in Title I funds, rather than the \$348 million authorized by Congress. This translates into 41,407 Wisconsin children who will be denied promised services.**

Afterschool/21st Century Community Learning Centers – Education

These community learning centers provide tutoring and after school enrichment for students in rural and urban schools. The President proposes reducing funding for the 21st Century Community Learning Centers by nearly \$300 million to \$800 million. **Wisconsin would receive less than \$12 million for afterschool programs, rather than the \$16.5 million it received last year.**

Special Education – Education

The President's budget proposes \$11.3 billion for Special Education. This represents the lowest level of support since FY02. On a per-pupil basis, this represents just 17 percent of the national average additional cost of educating students with disabilities – less than half of the 40 percent “full funding” level that Congress committed to paying when the IDEA was first adopted 33 years ago. **Last year, over 56,000 Wisconsin students with disabilities did not receive needed services due to chronic underfunding of IDEA. The President's budget would continue this trend.**

Perkins Career and Technical Education Program - Education

The Perkins Program supports career and technical education in Wisconsin high schools and the Wisconsin Technical College System (WTCS). Though Congress in 2006 adopted (and the President signed into law) changes to strengthen the program, the Administration's budget recommends elimination of the entire Federal contribution to this initiative. **In FY2008 Federal assistance for Wisconsin under the Perkins program will total about \$23.7 million. Those resources would be eliminated in FY2009 under the President's budget. More than 400,000 students enrolled in Wisconsin's 16 technical colleges could lose services such as counseling, Adult Basic Education, and transition services into the workforce. 143,498 11th and 12th grade students in Wisconsin's 426 school districts could lose career and technical instruction.**

Aid for Wisconsin's College Students - Education

The President's budget recommends elimination of federal funding for Supplemental Educational Opportunity Grants (SEOG). This program provides assistance to college students with exceptional financial need. **Wisconsin college students would lose \$16.1 million in SEOG grants in FY2009.**

Health and Family Resources

Community Services Block Grant – HHS

The Wisconsin Community Action Program Association (WISCAP) represents Community Action Agencies (CAA) across the state. These agencies are dedicated to helping low-income individuals and families in a number of areas such as housing, job training, financial education and food banks. The

Community Action Agencies receive 86 percent of their funding from the Community Services Block Grant. Reducing funding for CSBG would significantly affect the CAA's abilities to serve Wisconsin's neediest families and individuals. **In 2008 Wisconsin communities are slated to receive \$7.9 million under the CSBG program which the Administration has proposed eliminating for FY2009.**

Social Services Block Grant – HHS

Social Services Block Grants provide flexible funding to states for a broad range of social services. In Wisconsin, they support programs ranging from foster care to home-based services for the elderly and the disabled. The majority of the funding is dedicated to child-related programs such as day care and protective services, with the second largest funding stream going to adults over the age of 60. **As proposed in FY2008, the Administration's FY2009 budget recommends a \$500 million cut to SSBG, funding it at \$1.2 billion. This 29 percent reduction would translate into a loss of about \$9.1 million for Wisconsin communities.**

Commodity Supplemental Food Program – USDA

The Commodity Supplemental Food Program provides food assistance to low-income Americans, many of whom are elderly. **The President again proposes elimination of CSFP which would affect 5,000 Wisconsin recipients.**

Medicare - HHS

Medicare provides critical health benefits to more than 754,000 beneficiaries in Wisconsin. The President proposes **approximately \$105 billion in cuts to Medicare over the next five years.** These cuts would lead to higher drug cost premiums for Medicare beneficiaries and affect reimbursements to health care providers. **The American Hospital Association projects that over the next five years, hospital reimbursements would be cut by \$89.8 billion nationally and \$1.3 billion in Wisconsin.** Cuts of this magnitude could potentially cause providers to limit the number of Medicare patients they see, or even drop out of the program entirely, jeopardizing the critical care they provide to millions of Wisconsin residents.

Nurse Training – HHS

By the year 2020, it is projected we will have a nursing shortage of 20 percent nationwide. As the baby boomers age and nurses prepare to retire, this shortage will become more acute. Forty-four percent of Wisconsin nurses are age 50 and older. About 2,430 additional nurses are needed statewide to fill new positions and replace nurses who leave the field. **The President proposes to cut nurse-training funds by 29 percent. His budget also recommends elimination of the \$61 million Advanced Nursing Education (ANE) program.** The ANE program trains nearly 12,000 nurses annually, many of whom serve in rural areas where physician shortages are prevalent.

Administration on Aging - HHS

There are about 730,000 people age 65 and over in Wisconsin and that number is projected to grow to 1.2 million by 2025. While the need for services is expanding, the FY2009 budget proposes to cut funding for the Administration on Aging (AOA) by \$32 million—a cut that will have a severe impact on programs such as Meals on Wheels and Family Caregiver Support Services. The President also proposes eliminating Alzheimer's Demonstration grants, which currently receive \$11.5 million. This grant provides the Wisconsin Alzheimer's Institute resources to increase awareness, provide physician education, and help increase access to community services. **The President's plan will jeopardize the assistance that can be provided to the 103,000 Wisconsin citizens living with Alzheimer's and their families.**

Rural Hospital Flexibility Grants - HHS

The President seeks elimination of the Rural Hospital Flexibility Grant which was funded last year at \$63.5 million. **Wisconsin is one of the largest beneficiaries of this grant program, receiving \$615,000 last year to support over 60 rural Wisconsin hospitals.**

Justice and Law Enforcement

Community Oriented Policing Service (COPS) – DOJ

The COPS program is most famous for its Universal Hiring Program (UHP) which put **1,353 new cops on the beat in our state and sent more than \$113 million back to Wisconsin law enforcement since 1994.** The COPS program also funds technology grants, bullet-proof vests, DNA initiatives, anti-methamphetamine programs, and tribal law enforcement. In 2002, the COPS program was funded nationally at more than \$1 billion. Since then, the President has consistently recommended grant reductions and elimination of the hiring program. **For FY2009, the President proposes elimination of the COPS program in its entirety.**

State and Local Law Enforcement Assistance – DOJ

The Office of Justice Programs helps state and local law enforcement in their work to make our communities safer. It supports drug task forces, anti-gang initiatives, antiterrorism training, and a variety of other programs intended to combat violent crime and protect our communities. In FY2007, Congress appropriated well over \$1 billion for these state and local law enforcement assistance programs. **For FY2009, the President requests a total of \$400 million for these programs which would translate into a 60 percent reduction in just two short years.**

Edward J. Byrne Memorial Justice Assistance Grant Program - DOJ

From 2001 through 2004, Wisconsin law enforcement received **between \$8.8 and \$9.2 million annually under the Byrne Justice Assistance Grant Program** to support state and local drug task forces, community crime prevention, substance abuse treatment, prosecution initiatives and many other local crime control programs. In FY2008 (due largely to the Administration's persistent recommendations) the Byrne program was cut by 67 percent. As a result, Wisconsin will receive approximately **\$1.6 million this year. For FY2009 the President proposes that Byrne, along with other law enforcement programs which currently receive aggregate funding of more than \$1 billion, be replaced with a consolidated program with funding of \$200 million.**

Juvenile Justice Funding – DOJ

Two primary juvenile justice programs - the Title V Local Delinquency Prevention Program and the Juvenile Accountability Block Grant (JABG) program – are dedicated to juvenile crime prevention and the urgent needs of juveniles who have had run-ins with the law. **For FY2009, the President's budget eliminates these proven programs and replaces them with a single juvenile justice program. Overall, this change would result in a significant cut, from nearly \$383 million in FY2008 to just \$185 million for FY2009, a reduction of nearly 52 percent.**

Transportation, Energy and Natural Resources

Amtrak

Amtrak rail service plays an ever-increasing role in Wisconsin's transportation system. As of October 2007, nearly 600,000 passengers utilized the Hiawatha line between Milwaukee and Chicago, an increase of 2.6 percent over the same time period in 2006. Funding for equipment upgrades and improvements is critical to maintaining a high level of rail service in Wisconsin. **The \$800 million for Amtrak included in the President's budget is a reduction from the Fy2008 level of \$1.3 billion and would increase the financial burden on States to maintain this important aspect of our transportation network.**

Next Generation High-Speed Rail - DOT

This program funds research for high-speed passenger rail in the US. Wisconsin has been a leader in this area, with the State taking on the burden over the past several years to prepare for high-speed rail. Wisconsinites have long recognized the potential economic benefits associated with high-speed rail. **The President's budget eliminates funding for this program, thereby limiting states' abilities to utilize and research a mode of transportation that would serve both commuter and intercity travelers.**

Low Income Home Energy Assistance Program (LIHEAP) – HHS

LIHEAP helps eligible Wisconsinites survive cold weather and high energy costs. Wisconsin received \$69.7 million in LIHEAP funding in FY2007. The President's Budget for FY2009 will cut LIHEAP funding to \$1.7 billion, a \$280 million cut from FY2008 levels. **Under the President's budget, Wisconsin's LIHEAP funding is estimated to be cut by \$10 million to \$59.7 million in FY2009.**

Weatherization Assistance Program – DOE

The Weatherization Assistance Program enables low-income families to permanently reduce their energy bills by making their homes more energy efficient. It is this country's longest running, and perhaps most successful, energy efficiency program. In FY2007 Wisconsin received \$7.6 million in Weatherization Assistance Funding. The President's FY2009 budget proposes \$59 million for the Weatherization Assistance Program, a \$226 million cut over FY2008 enacted levels. **Wisconsin would lose almost \$7 million in Weatherization Assistance Funding under the proposed budget.**