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U.S. HOUSE OF REPRESENTATIVES

# COMMITTEE ON THE BUDGET

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## The Democratic Budget: Putting Children and Families First

**Overview** — After six years of an Administration and Republican Congress that under-invested in key priorities in order to help finance tax cuts for the most fortunate, the Democratic budget puts children and families first by investing in health care and education, and providing assistance for hurricane-ravaged communities.

**Budget Addresses Problem of Children Without Health Insurance** — There are nine million children without health insurance even though nearly six million of them are eligible for Medicaid or the State Children's Health Insurance Program (SCHIP). The budget includes a deficit-neutral reserve fund to provide up to \$50 billion in additional resources to improve children's health – enough to insure millions of eligible children and reduce the number of uninsured children over the next five years. According to CBO estimates, the President's budget would actually do the opposite and would result in *fewer* children and pregnant women receiving coverage than currently do.

**Budget Invests in Education** — At a time when more than 10 percent of students drop out of high school before graduating and only four out of ten children eligible for Head Start are able to participate, the budget reverses the Administration's policy of under-investing in education for our children. The budget rejects the President's proposal to cut funding for the Department of Education by \$1.5 billion below the 2007 enacted level and eliminate 44 different programs, and provides for substantial new investments to increase funding for vital programs such as Head Start, special education (IDEA), Title I and other programs under the No Child Left Behind Act. The Chairman's mark also provides for funding the increase in Pell Grants so that high school students know that if they work hard, they can go to college.

**Budget Prioritizes Community Development Block Grant (CDBG)** – The budget rejects the President's proposal to cut funding for the Community Development Block Grant by \$1.1 billion below last year's level, and instead provides for the first CDBG increase since 2005. The cut advocated by the President would endanger job creation, economic development, and affordable housing efforts by nearly 1,200 state and local governments which currently receive CDBGs.

**Budget Addresses Affordable Housing** – The budget includes a reserve fund to finance efforts to reverse the decline in affordable housing without increasing the deficit. According to the Census Bureau, we have lost nearly a million affordable housing units since 2001, and at least 14 percent of those that remain have moderate to severe physical problems. The number of renters paying more than 30 percent of their income for housing reached an all-time high in 2003 and continues to climb.

***Budget Rejects President's Cuts to Other Programs*** – At a time when the number of Americans living in poverty has increased by 5.4 million since 2000, the budget rejects the President's harmful cuts to other critical services that help struggling families, including:

- ▶ Rejecting the President's proposal to eliminate the **Commodity Supplemental Food Program**, which provides nutritious, home-delivered meals to nearly 500,000 people in 32 states each month, most of them seniors;
- ▶ Rejecting the President's \$379 million (18 percent) cut to the **Low-Income Home Energy Assistance (LIHEAP)**.
- ▶ Rejecting the President's proposal to terminate **food stamps** to 280,000 low-income working families.
- ▶ Rejecting the President's proposal to cut the **Child Care Development Block Grant** and the **Social Services Block Grant** by a total of \$520 million below the 2007 level, leading to a decline in children receiving assistance so their parents can work. Our budget would allow for the first increase in child care funding since 2002.

***Budget Accommodates Shielding Middle-Income Americans from the Alternative Minimum Tax*** — The budget would accommodate immediate relief for the tens of millions of middle-income households who would otherwise be subject to the AMT while supporting the efforts of the Committee on Ways and Means to achieve permanent, revenue-neutral AMT reform. Unless the AMT is reformed, 19 million additional families will have to pay higher taxes in 2007.

***Budget Accommodates Other Middle-Income Tax Relief***— The budget would also accommodate extension of other middle-income tax relief, consistent with the Pay-As-You-Go principle. These tax cuts include: the child tax credit, marriage penalty relief, the 10 percent bracket, and the deduction for state and local sales taxes.

***Budget Provides Resources for Response to Hurricane Katrina*** — More than a year and a half after Hurricane Katrina, housing shortages caused rent to increase by 39 percent and more than half of households do not have gas or electricity. Our budget recognizes the daily challenges faced by Gulf Coast families and provides substantial resources to address gaps in the federal response. The budget provides additional disaster relief funding for 2007 to replenish FEMA funds and help finance planning for the next hurricane. The budget also provides new funds for 2008 to jump-start the recovery in five other priority areas: housing, small business development, public infrastructure, education, and public health.