



U.S. Representative • 9TH CD, New York • Brooklyn-Queens

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Report

**BUSH BUDGET CUTS APPLE TO THE CORE:
IMPACT OF THE FY 2007 BUSH BUDGET ON NEW YORK CITY**



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Introduction

The Bush Administration released its fiscal 2007 budget today, and if Congress chooses to enact his recommendations, the Bush budget will cut the apple to the core. In his Executive Budget, released this month, Mayor Bloomberg asked the federal government for \$100 million from Washington . But instead of easing New York City funding burden, the Bush administration has come up with a plan that would leave New York City \$1.35 billion short.

Some highlights of the Bush budget:

Changes to Medicare and Medicaid would reduce federal funding for health care in New York City by \$84 million.

New York City gets \$32 million less than for first responders than it did in 2005.

New York City gets \$16 million less than the Mayor requested in federal assistance to local law enforcement under the consolidated Local Law Enforcement Block Grant (LLEBG) and the Byrne Formula Programs.

For the 6th year in a row, Bush zero's out the C.O.P.S. program. Under funding levels passed by the House twice last year, New York City should have gotten an estimated \$73 million dollars, enough funding to hire more than 940 new police officers.

New York City gets \$10 million more than last year to help the lowest-income New Yorkers stay warm under the Low Income Heating and Energy Assistance Program (LIHEAP).

New York City gets \$ 789 million less in Title 1 funding (used for disadvantaged students) than promised by President Bush when he signed the No Child Left Behind Act into law, and \$154 million less than promised under the reauthorization of the Individual with Disabilities Education Act.

New York City gets \$80 million less than the Mayor requested under the SCAAP program, which is used to defray the costs incurred by the City to incarcerate illegal aliens who break the law.

In his *State of the Union Address* , President Bush bragged, "Every year of my presidency, we've reduced the growth of non-security discretionary spending...This year my budget will cut it again, and reduce or eliminate more than 140 programs that are performing poorly or not fulfilling essential priorities." This review of the President's budget makes it clear that his definition of what is an essential priority is drastically different from a typical New Yorker's.

Medicare

The Bush administration is proposing to make fundamental changes to the way Medicare long-term care providers like nursing homes and hospitals are reimbursed, which could place a substantial burden on New York City .

The Administration proposes decreasing or freezing Medicare payments to a number of providers, endangering the access to and quality of care for the roughly 1 in 8 New Yorkers dependent on Medicare. The Bush budget proposes increasing Medicare premiums for some seniors, to even higher rates than those passed in Bush's 2003 Medicare Modernization Act. The proposed budget freezes payments to nursing homes and home health agencies, as well as decreases payments to oxygen suppliers to Medicare beneficiaries. It also requests that hospitals, skilled nursing facilities, home health care aides and providers of rehabilitation services be reimbursed at rates below inflation, meaning that the costs will soon outpace the federal reimbursement. Preliminary estimates suggest that these service cuts would cost New York state \$354 million over the next 5 years. This represents an estimated \$160 million in cuts for New York City , with almost \$30 million in FY2007 alone. President Bush's proposed Medicare changes may reduce access to long-term care and inpatient

services by encouraging cost cuts at the institutional level, either by raising the cost of services, providing fewer services or passing on higher costs to the uninsured.
Bottom line: Bush's proposal to cut \$30 million from Medicare may leave many of New York's 1 million Medicare recipients without the ability to live independently, pay for long-term care or afford vital supplies such as oxygen tanks. It may also force some of the hospitals at risk of closing that much closer to shutting their doors.

Medicaid

The Bush administration is proposing to make fundamental changes to the way the federal government pays for the health care costs of Medicaid recipients.

The President would reduce the amount reimbursement to pharmacists and permit states to limit the variety of medicines available to Medicaid enrollees. Additionally, the President would cut funding for services provided in schools to disabled students.

These, along with other cuts and programmatic changes, would amount to \$4.9 billion over five years, or about \$1 billion a year. Since 5.4% of all Medicaid recipients live in New York City, these cuts could mean \$54 million less for New Yorkers next year.

Bottom line: NYC's 2.8 million Medicaid beneficiaries would see \$54 million less to cover their health care.

Homeland Security

Since 2005, New York City has received less and less in Homeland Security funding. The Bush budget would cut Urban Area Security Initiative funding by \$68 million (down from \$885 million in 2005 to \$817 million in 2007), which would translate into an estimated \$13 million cut for New York City compared to 2005. In addition, the Bush budget proposes cutting the State Homeland Security Block Grant program from \$1.5 billion in 2005 to \$650 million in 2007, which would translate into a cut of almost \$19 million for New York City. In total, that means New York City would *lose* funding through the two major first responder programs under the Bush budget, dropping funding from \$203 million in 2005 to \$171 million this year.

And even that funding is not secure because the Department of Homeland Security may choose to shift "high threat, high density" funding to cities like Milwaukee, Charlotte and Toledo like it did this year, diverting money from New York City.

Furthermore, the State Homeland Security Block Grant Program will continue to misallocate funding to the advantage of places like Wyoming. Under this year's budget request the Block Grant program, New Yorkers should expect to get \$1.92 per resident, while residents of Vice President Cheney's home state should expect \$10.92 per resident.

Bottom Line: NYC would receive \$32 million less in first responder funding than it did in 2005.

Community Oriented Policing Service (C.O.P.S.)

For the sixth consecutive year, the Bush administration has proposed eliminating the entire hiring component of the C.O.P.S. program, which funds the hiring of police officers by state and local law enforcement agencies. Since its inception, the program has placed over

118,000 officers on the street – more than 7,400 in New York alone.

In January, President Bush signed legislation authored by Rep. Weiner that pledged more than \$1 billion a year for the C.O.P.S. program. Based on past grants, New York City expected to receive over \$73 million this year, enough to hire more than 940 officers.

Bottom Line: By eliminating the C.O.P.S. hiring program, the Bush administration would deprive New York City of \$73 million, enough to hire more than 940 new police officers.

Justice Assistance Grants (JAG)

Last year's budget consolidated two programs meant to provide largely unrestricted funding to states which can be used for a variety of law enforcement purposes: the Local Law Enforcement Block Grant (LLEBG) and the Byrne Formula Program. In New York City, a great deal of this funding has been used to pay the salaries of 911 operators.

New York City's share of funding the LETPP and Byrne programs reached a combined total of \$30 million in 1999, but has slowly dwindled, and amounted to less than \$5 million last year. The Mayor's Executive Budget calls for more than \$16 million in federal funding. But because President Bush would eliminate the program, New York would not get any funding.

Bottom line: New York City would get \$16 million less than it requested in local law enforcement assistance.

State Criminal Alien Assistance Program (SCAAP)

The State Criminal Alien Assistance Program (SCAAP) provides federal assistance to State and localities that are incurring costs for incarcerating undocumented criminal aliens who have been accused or convicted of State and local offenses. Each year, New York's prison and jail system holds more than 8,000 criminal aliens at a cost of \$80 million. The annual cost of incarcerating an inmate has grown to \$62,595 (from \$60,070 the year before).

New York City has historically been one of the nation's top beneficiaries of the SCAAP program. But since receiving a high of \$39 million in 2000, New York City received only \$22.4 million last year.

The Mayor's Executive Budget requests almost \$80 million in SCAAP funding, but President Bush proposes to eliminate the SCAAP program entirely. That means that New York City should not expect any funding from the federal government to reimburse the City for the cost of incarcerating undocumented criminal aliens.

Bottom line: NYC would get almost \$80 less than it requested to cover costs incurred due to the federal government's failure to enforce its immigration laws.

Title I -- Improving Academic Achievement for Disadvantaged Children

Title I provides money to high-poverty school districts based on the number of children receiving free or reduced-price lunch. Approximately 577,000 New York City students are eligible for free or reduced-price lunches. President Bush's FY07 budget proposes \$12.7 billion in Title I grants, the same as last year. Of that, New York City would receive about \$816 million.

However, if No Child Left Behind were *fully* funded, President Bush would have proposed spending \$25 billion this year, which would have meant \$1.605 billion for New York City .

That means that under this Bush budget, New York City would receive \$789 million less than promised, enough to hire 14,345 teachers at \$55,000 each, buy 450,847 computers at \$1,750 each, or create 584 new libraries at a cost of \$1.35 million each, including approximately 101 at city schools without a library.

Bottom line: NYC would receive \$789 million less than they were promised in Title I funding by the No Child Left Behind Act.

Individuals with Disabilities Education Act (IDEA)

IDEA provides special education and related services to children with disabilities. Approximately 177,000 students in New York City qualify to receive special education services.

Under the President's budget IDEA would receive \$10.7 billion, \$127 million more than last year. That means that New York would get \$3 million more than the \$262 million the City received this year.

However, under a bill signed by President Bush in 2004, New York City was promised \$419 million, \$154 million more than President Bush would provide in this year's budget.

Bottom line: New York City 's special education funding would fall \$154 million short of what President Bush promised in legislation he signed in 2004.

Housing

Two-thirds of New Yorkers are renters and one in four spends more than 50% of their income to pay for housing. With the city's poverty rate of 20.3%, a homeless population of 31,591, and a public housing waiting list of nearly 150,000, New York confronts a true housing crisis.

Section 8 Housing Voucher Program

Section 8 is one of the linchpins of U.S. housing policy. More than 98,000 New York City families are currently enrolled in the Section 8 program, which caps rent at 30% of income and subsidizes the rest. 150,000 more New York families are on the waiting list for Section 8.

The Bush budget proposes \$21.59 billion for the Housing Voucher Program. That's \$934 million more than was appropriated in 2006, and would translate into more than \$833 million for New York City , up from \$797 million.

To date, a recipient's subsidy has been tied to the cost of housing, i.e. if the cost of housing goes up 10%, a recipient's "voucher" goes up too.

But the Bush Budget proposes to turn Section 8 into a block grant, so that rising housing costs would no longer trigger increased funding – passing the costs onto residents in future years.

Bottom line: New York City would get \$36 million more in funding for low-income housing vouchers, but changes in how the program works may mean dramatic cuts for recipients of housing assistance in the future.

Public Housing Operating Fund

The Department of Housing and Urban Development's (HUD) Operating Fund helps to finance the day to day operations of public housing developments, including staff, maintenance, and utilities. The Bush budget proposes \$3.55 billion for HUD's Public Housing Operating Fund, a decrease of \$46 million. That means that the \$718 million in public housing operating funds that New York City received last would drop to \$709 under President Bush's budget.

Bottom line: New York City would get \$9 million less in funding to operate its public housing.

Public Housing Capital Fund

HUD's Public Housing Capital Fund finances the modernization and rehabilitation of existing public housing developments. The Bush Budget proposes \$2.178 billion for HUD's Public Housing Capital Fund, a cut of \$286 million nationally. That means that New York would receive \$41 million less than it did last year, or \$309 million.

Bottom Line: The New York City Housing Authority would lose \$41 million for building improvements to the apartments that house more than 160,000 New York families.

Community Development Block Grant (CDBG)

Community Development Block Grants (CDBG) provide states with a block grant to fund initiatives for low-income families, including housing, day-care centers, after-school programs, and literacy training.

The President's budget would consolidate CDBG, place it under the control of the Commerce Department, and slash its funding to \$2.77 billion, a 34% cut from last year's funding of \$4.22 billion. The President's budget would cut funding for New York City from \$185 million in FY06 to less than \$122 million in 2007. Mayor Bloomberg's Executive Budget requested \$200 million in federal funding, \$78 million more than New York City would get under the President's budget.

That funding could be used to provide childcare for 6,410 families at \$12,168 each. The funds could also have covered about \$250 in rent for each of the 313,550 New York City families living in poverty.

Bottom line: New York City would get \$78 million less than it requested for thousands of its neediest families.

Community Services Block Grant (CSBG)

CSBG provides states with a block grant to fund a variety of anti-poverty activities. A modern version of President Johnson's war on poverty programs, the CSBG provides funds to nonprofit and public social services organizations that provide transportation for seniors and youth, emergency assistance, credit counseling, and parental nutrition.

The President's budget would eliminate the Community Services Block Grant (CSBG) and the \$620 million in CSBG funding from FY06. New York City , stands to lose almost \$30 million for programs working to address poverty.

Bottom Line: New York City would lose an estimated \$30 million for programs that help eliminate poverty.

Low Income Heating and Energy Assistance Program (LIHEAP)

The Low Income Heating and Energy Assistance Program (LIHEAP) is a federal program intended to provide heating assistance to low-income families to protect them from the elements.

The President's budget would include \$2.78 billion for LIHEAP, up from \$2.18 billion. In 2006, New York City is slated to get an estimated \$34 million in LIHEAP funding to help more than 430,000 New York City households pay their heating bills. The President's proposal would increase that amount to almost \$44 million for New York City , \$10 million more than in FY06. That is enough to provide 23,500 New Yorkers with \$400 checks – the maximum amount allowed under the law.

Bottom line: New York City would get almost \$10 million more to help the lowest-income New Yorkers stay warm.

Housing for the Elderly (Section 202)

Since 1959, the federal government has provided housing support for the low-income elderly through the Section 202 program. The program offers funding to construct or rehabilitate housing and provides rent subsidies to ensure that the housing is affordable. In New York City , 163,993 people over 65 years old live in poverty, 17.7% of the city's total senior population, and nearly double the national poverty rate for seniors of 9.4%.

President Bush's FY06 budget provides \$546 million for Section 202 housing for the elderly, a cut of \$196 million from the FY06 funding of \$742 million. This is also significantly lower than the recent high of \$1.279 billion in 1995. That means if Bush's budget were to be enacted, New York City would receive slightly more than \$21 million, a cut of more than \$7 million from the 2006 funding of almost \$29 million.

Bottom line: New York City would lose more than \$7 million to help an estimated 164,000 impoverished elderly residents pay for housing.

Health -- Community Access Program

Until it was eliminated last year, the Community Access Program helped communities integrate health care services for the uninsured. This unique program works with providers to merge federal and local health services, including the Children's Health Insurance Program. For the second year in a row, the Bush budget provides no funding to this essential program, which was last funded at \$82 million in FY05.

Together, the Bronx Community Health Network, the Brooklyn Alliance, Columbia University , and the Joseph Addabbo Family Health Center received over \$2 million from the Community Access Program to improve the delivery of services to the uninsured.

Bottom line: For the second year in a row, New York City would receive over \$2 million less to deliver health services to the uninsured.

Methodology

Preliminary guidance for projections in Medicare section provided by Healthcare Association of New York State.

Medicaid cut impact on New York City based on percentage of total Medicaid recipients who live in New York City .

Homeland Security funding projection for 2007 based on percentage of UASI and SHSGP funding received by New York City in past budget cycles. Shortfall based on comparison to FY05 funding.

COPS funding shortfall based on amount authorized by the Violence Against Women and Department of Justice Reauthorization Act of 2005 and percentage of funding received by New York City in past budget cycles.

SCAAP funding projection based on percentage of funding received by New York City in past budget cycles.

IDEA and No Child Left Behind Title 1 shortfall based on amount authorized under law and percentage of funding received by New York City in past budget cycles.

Section 8 funding projection based on percentage of funding received by New York City in past budget cycles.

Public Housing Operating Fund projection based on percentage of funding received by New York City in past budget cycles.

Public Housing Capital Fund projection based on percentage of funding received by New York City in past budget cycles.

CDBG funding projection based on percentage of funding received by New York City in past budget cycles.

CSBG funding projection based on percentage of funding received by New York City in past budget cycles.

LIHEAP funding projection based on percentage of funding received by New York City in past budget cycles.

Section 202 housing funding projection based on percentage of funding received by New York City in past budget cycles.

Healthy Community Access Program funding projection based on percentage of funding received by New York City in last year that the program was funded (2005).