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Report

BUSH BUDGET CUTS APPLE TO THE CORE:

IMPACT OF THE FY 2006 BUSH BUDGET ON NEW YORK CITY



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February 7, 2005

Introduction

The Bush Administration released its fiscal 2006 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 \$250 million to help close the City's "budget gap." But instead of easing New York City funding shortfall, the Bush administration has come up with a plan that would leave New York City \$1.226 billion short.

Some highlights of the Bush budget:

- New York City gets \$213 million less than the Mayor requested in Homeland Security funding for first responders.
- New York City gets \$30 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 5th year in a row, Bush zero's out the COPS program. Under funding levels passed by the House twice last year, New York City would have gotten an estimated \$70 million dollars, enough funding to hire more than 900 police officers.
- New York City gets \$3.418 million less 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 \$642 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 \$163.2 million less than promised under the Individual with Disabilities Education Act.
- New York City gets \$81 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, "My budget substantially reduces or eliminates more than 150 government programs that are not getting results, or duplicate current efforts, or do not fulfill 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.

Homeland Security

This year, in the Mayor's budget, the City requested \$449 million in first responder funding (for first responder equipment and training). However, the Bush budget would cut Urban Area Security Initiative funding by \$35 million (down from \$855 million to \$820 million), which would translate into an estimated \$8.8 million cut for New York. In addition, the Bush budget proposes cutting the State Homeland Security Block Grant program from \$1.464 billion to \$1.270 billion, which would translate into a cut of almost \$4.6 million for New York. In total, that means New York City would *lose* funding through the two major first responder programs under the Bush budget, dropping funding from \$249 million last year to \$236 million.

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

Furthermore, the State Homeland Security Block Grant Program – the program which does not include "threat" at all when distributing money – 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 \$3.81 per resident (down from \$4.38), while residents of Vice President Cheney's home state should expect \$21.86 (down from \$25) per resident.

Bottom Line: Despite funding increases, NYC would receive \$213 million, or 47% less than the City requested for first responder funding.

Community Oriented Policing Service (COPS)

For the fifth consecutive year, the Bush administration has proposed eliminating the entire hiring component of the COPS program, which funds the hiring of police officers by state and local law enforcement agencies. Since its inception, the program has placed over 100,000 officers on the street – more than 7,000 in New York alone. Just last year, New York City got \$6.25 million to hire 50 school resource officers.

Last year, the House twice passed legislation that would have authorized more than a billion dollars a year for the COPS program, amounts that would have provided more than 900 officers in New York City alone. Based on past grants, New York City could have expected to receive \$70 million this year, enough to hire more than 900 officers. But Congressional Republicans twice killed the bill.

Bottom Line: By killing the COPS program, the Bush administration and Congressional Republicans would deprive New York City of \$70 million, enough to hire more than 900 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 only \$6 million last year. The Mayor's Executive Budget calls for a restoration of the \$30 million figure. But because President Bush has chosen to eliminate the program, New York would not get any funding.

Bottom line: New York City would get \$30 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 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 \$60,070 (from \$58,860 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 \$21 million last year.

The Mayor's Executive Budget requests \$81 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 \$81 million 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 855,000 of New York City's 1.1 million students are eligible for free or reduced-price lunches.

President Bush's FY06 budget proposes \$13.3 billion in Title I grants, \$602 million more than last year. Of that, New York City will receive about \$910 million, a \$41 million increase.

However, if No Child Left Behind were *fully* funded, President Bush would have proposed spending \$22.75 billion this year, which would have meant \$1.55 billion for New York City.

That means that under this Bush budget, New York City will receive \$642 million less than promised, enough to hire 12,109 teachers at \$53,017 each, buy 366,857 computers at \$1,750 each, or create 475 new libraries at a cost of \$1.35 million each, including approximately 125 at city schools without a library.

Bottom line: NYC would receive \$642 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 137,000 students in New York City qualify to receive special education services.

Under the President's budget IDEA would receive \$11.132 billion, \$457 million more than last year. That means that New York will get \$17 million more from the \$401 million the City received this year.

However, under a bill signed by President Bush last year, New York City was promised \$551 million, \$132 million more than President Bush would provide in this year's budget.

Bottom line: New York City's special education funding would fall \$132 million short of what President Bush promised in legislation he signed last year.

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 18%, a homeless population of 36,900, 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 90,000 New York City families are currently enrolled in the Section 8 program, which covers approximately 30% of the cost of their rent. Almost 150,000 more New Yorkers are on the waiting list for Section 8.

The Bush budget proposes \$18.417 billion for the Housing Voucher Program. That's \$90 million less than was appropriated in 2005. The Bush Budget also proposes turning Section 8 into a block grant, where funding would easily be eroded since it would no longer be based on the costs of existing units.

Bottom line: With a 1% cut, up to 900 New York families could lose their vouchers or all 90,000 New Yorkers receiving support could get less rent support.

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 \$3.407 billion for HUD's Public Housing Operating Fund, an increase of \$949 million. That means that \$490 million in public housing operating funds that New York City received last will would jump to \$679.69 million under President Bush's budget.

Bottom line: New York City would get \$189.32 million more 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 \$2.327 billion for HUD's Public Housing Capital Fund, a cut of \$272.8 million. That means that New York would receive \$37.919 less than it did last year, or \$323.48 million.

Bottom Line: The New York City Housing Authority would lose \$37.919 million for building improvements to the apartments that house more than 500,000 New Yorkers.

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 \$691 million, an 84% cut from last year's funding of \$4.351 billion. By proposing to dramatically under-fund this program, the President threatens to cut New York City's funding from \$208 million in FY05 to \$30.45 million in 2006. That funding could be used to provide childcare for 12,050 families at \$14,808 each. The funds could also have covered half the average rent (\$591 out of \$1,018 for a two-bedroom apartment) for each of the 301,887 New York City families living in poverty.

Bottom line: New York City would lose \$178.45 million 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 \$641 million in CSBG funding from FY05. New York City, which usually receives 4.77% of all CSBG funds, stands to lose \$30.63 million for programs working to address poverty.

Bottom Line: New York City will lose an estimated \$30.63 million for programs serving more than 150,000 New Yorkers 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 hearing assistance to low-income families to protect them from the elements.

The President's budget would include \$2 billion for LIHEAP, down from \$2.2 billion in FY05. In FY05, New York City was slated to get an estimated \$37.7 million in LIHEAP funding to help more than 300,000 New York City households pay their heating bills. The FY06 funding drop will provide about \$34.28 million for New York City, \$3.418 million less than in FY05. That means the 680,000 eligible New Yorkers who are not enrolled may still not benefit from the program, and the maximum annual benefit of \$400 could be at risk for more than 8,546 families receiving help to pay their utility bills.

Bottom line: New York City would lose \$3.418 million 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, more than 173,000 people over 65 years old live in poverty, 18.8% of the city's total senior population, and nearly double the national poverty rate for seniors of 9.8%. Seniors in New York City interested in Section 202 housing are on a six-year waiting list.

President Bush's FY06 budget provides \$741 million for Section 202 housing for the elderly, a cut of \$6 million from the FY05 funding of \$747 million. This is also significantly lower than the recent high of \$1.279 billion in 1995. Historically, New York City has received 3.86% of all Section 202 funding. That means if Bush's budget were to be

enacted, New York City would receive \$28.57 million, a cut of \$230,000 from 2005 funding of \$28.80 million.

Bottom line: New York City would lose \$230,000 to help an estimated 173,000 impoverished elderly of its residents pay for housing.

Medicaid

The Bush administration is proposing to make fundamental changes to the way Medicaid is distributed, which could place a substantial burden on New York City.

Medicaid recipients are divided into two categories: "mandatory" (those who the federal government requires the City to provide with Medicaid coverage, at the City's expense, like very low-income pregnant women, disabled persons, seniors, and parents with dependant children), and "non-mandatory" (additional persons the City chooses to provide with Medicaid coverage, like near poor working families, and individuals). Under the current system, the federal government is required to provide matching funds to help the City pay for any non-mandatory recipients, of which there are approximately 1.5 million in New York City.

However, the Bush budget proposes replacing the matching funds for non-mandatory recipients with a block grant. Under the bush proposal, when the costs for providing coverage for non-mandatory recipients exceeds the amount of the grant, the City will have to either (1) pay the extra cost, (2) cut benefits, or (3) cut down the number of recipients.

Bottom line: NYC's 1.5 million non-mandatory Medicaid beneficiaries face the prospect of partial cutbacks in services or possible eviction from the program itself.

Health -- Community Access Program

The Community Access Program is charged with helping 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. The Bush budget would eliminate the Community Access Program -- a \$82 million cut from FY05.

Together, the Bronx Community Health Network, the Brooklyn Alliance, Columbia University, and the Joseph Addabbo Family Health Center have received \$2.4 million from the Community Access Program to improve the delivery of services to the uninsured

Bottom line: New York City would receive \$2.4 million less than last year to deliver health services to the uninsured.