



HOUSE BUDGET COMMITTEE

Democratic Caucus

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Budget in Brief: Four Ways the Bush Budget Leaves Workers Behind

Budget Does Not Continue Federal Extended Unemployment Benefits — Even though the economy has lost 2.2 million jobs since President Bush took office, the President's budget does not continue the Temporary Extended Unemployment Compensation program (TEUC) to help workers who face long unemployment spells. TEUC provides 13 weeks of federally funded extended benefits to jobless workers who exhaust their regular state unemployment benefits. Because of the shortage of jobs, an estimated half a million jobless workers have exhausted their state benefits since December, only to find no federal help available to them while they continue to look for work. That is because Republicans allowed TEUC to expire at the end of December, despite strong urging from Democrats to continue the program.

Budget Increases Cost of Small Business Loans — For 2005, the budget zeroes out subsidy funding for Section 7(a) general business guaranteed loans, a program run by the Small Business Administration for borrowers who cannot otherwise obtain private financing. The budget assumes a total Section 7(a) loan volume of \$12.5 billion, but it eliminates federal funding and assumes instead that the program will be funded entirely through a sharp increase in loan fees. This will raise costs for borrowers trying to start or expand small businesses, which are the major source of job creation in the United States.

Cuts to Job Training — For 2005, the budget essentially freezes funding for training and employment programs at \$5.9 billion, although within that total, the budget cuts existing adult training and dislocated worker programs by \$151 million. However, for the next four years, the budget cuts total funding below the 2005 amount, with the steepest cut in 2006. This cut in job training comes despite the reality that the economy has lost 2.9 million private-sector jobs since the President took office and that an increasing number of jobs are being sent overseas.

Bush Tax Cuts Fail to Deliver on Jobs — The President and Republicans repeatedly claim that their tax cuts are, in fact, a jobs program. Instead, the nation has lost 2.2 million jobs — 2.9 million private-sector jobs — since the President took office. This is the worst jobs performance of any administration since Herbert Hoover. The Administration's lack of credibility on the budget and the economy is clear:

- The President's Council of Economic Advisers (CEA) claimed that his 2001 tax cuts would create 800,000 more jobs by the end of 2002. Instead, from the beginning of this Administration to the end of 2002, the economy lost 2.3 million jobs.

- In February of 2003, the CEA claimed that the President's new tax cut proposals, if enacted (as they substantially were), would create 510,000 new jobs in 2003, and 891,000 new jobs in 2004. Again, these claims are difficult to accept, because there were 147,000 fewer jobs in December 2003 than there were in January 2003.
- Earlier this month, the *Economic Report of the President* claimed the economy will generate 2.6 million new jobs by the end of this year. That claim seemed overly optimistic to many analysts, and last week the President and his economic team distanced themselves from this prediction. Nonetheless, if the President's policies do not generate almost that many jobs by the end of this year, he will be the first President since Herbert Hoover to oversee a net loss of jobs during his term.