



CENTER ON BUDGET AND POLICY PRIORITIES

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Administration Budget Would Cut Low-Income Programs During Downturn

On December 16, the Center on Budget and Policy Priorities released a report, *Left Behind in Good Times and Bad*.

The report explains that the President's fiscal year 2003 budget would reduce funding for low-income non-entitlement programs (other than education programs) by \$3 billion, or 4.6 percent, compared with the 2002 level adjusted for inflation. Congressional appropriators, who recently agreed to observe the President's overall appropriations limit for non-entitlement programs, may feel compelled to accept these reductions as they work out funding levels for specific programs in the weeks ahead. As the Center's report explains, cutting programs for low-income households amidst the economic slump would increase the hardship these families face. It also is inconsistent with Administration calls for a new tax package to boost the sluggish economy, since many of these programs provide more economic stimulus per dollar than various tax cuts for the well-off that are under consideration.

The full report can be viewed at
<http://www.cbpp.org/12-16-02bud.htm>

- It is appropriate during economic downturns to *increase* spending for low-income programs beyond the rate of inflation, both to help the expanded number of families that need assistance and to stimulate the economy by propping up consumer demand. The Administration, in contrast, is proposing cuts in these programs while also considering new tax cuts that are of dubious value as economic stimulus, would entail permanent costs, and would disproportionately benefit wealthy investors.
- The bulk of the low-income reductions proposed in the Administration's budget would occur in four areas: the Low-Income Home Energy Assistance Program, job training, low-income housing, and Health Resources and Services (which encompasses a number of programs that provide health care to low-income families and individuals).
- In its previous budget, the Administration proposed to cut low-income programs by a similar amount. Last year's budget reductions were offered at a time when the Treasury appeared to be overflowing with surpluses, which suggests that the cuts offered this year are not merely a response to budget deficits.
- Congress rejected most of last year's proposed cuts, but this year may be different. Unlike last year, Congress has agreed to observe the President's overall spending limit, so avoiding the low-income program cuts the President recommends would require cuts in other programs that generally have more powerful constituencies.