

NEWS RELEASE

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HOW WOULD THE PRESIDENT'S BUDGET AFFECT DOMESTIC PROGRAMS *AFTER 2006*? Study Includes State-by-State Effects

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A new Center study examines how reductions the Administration's budget calls for in a range of domestic programs over the next five years would affect particular programs and individual states. The study focuses on domestic appropriated programs (programs that are not entitlements) outside of homeland security. These programs would sustain a large majority of the cuts under the budget and be reduced a total of \$214 billion over the next five years (compared to the current levels for these programs, adjusted for inflation). The proposed reductions in domestic appropriated programs would more than triple between 2006 and 2010.

"The pain in the budget comes mostly after 2006, with the cuts growing deeper with each passing year," explained Sharon Parrott, director of welfare reform and income support at the Center and the report's lead author.

Based on data the Office of Management and Budget has provided to Congress on the levels of funding that various domestic program categories would receive under the budget in each of the next five years, the study estimates that in 2010, when the proposed reductions would reach their full dimensions:

- K-12 education funding would be cut by \$4.6 billion, or 12 percent (the cut would be \$11.5 billion for the 2006-2010 period as a whole);
- Grants to states and localities would be cut by nearly \$22 billion in 2010 (and by \$71 billion over 2006-2010 as a whole);
- The number of low-income women, infants, and young children receiving assistance through the WIC supplemental nutrition program, which has been found to reduce low-weight births and child anemia, would be cut by 670,000;
- The number of children in low-income working families who receive child care assistance would be reduced by 300,000;
- The number of low-income families, elderly individuals, and other low-income households provided help in meeting high heating bills in winter months (and, to a lesser degree, in meeting other home energy costs) would be reduced by more than 350,000;

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- The number of low-income children served through Head Start would be reduced by more than 100,000;
- The number of low-income families, elderly people, and people with disabilities who receive rental assistance through the provision of rental vouchers that help them afford modest apartments would be reduced by 370,000;
- Environmental protection and natural resource programs, including funding for national parks, would be reduced by 23 percent. Within this part of the budget, EPA programs that support state and local efforts related to ensuring clean drinking water, reducing air pollution, and upgrading sewage treatment facilities would be sliced 28 percent; and
- Funding for community and economic development programs, primarily in distressed and economically disadvantaged communities, would be cut more than a third.

All of these figures compare funding levels for 2010 to current funding levels, adjusted only for inflation.

The report provides state-by-state estimates of projected funding reductions through 2010 in a variety of areas (such as K-12 education programs, children and family services programs, Ryan White HIV/AIDS programs, community development programs, and the low-income energy assistance program) and the number of families or individuals in each state who could lose assistance in various programs. The study also provides estimates of the amount that each state would lose in federal grants-in-aid to state and local governments.

The study finds that the impact of the proposed funding reductions on state and local governments would be large, with the federal government shifting substantial program costs to those levels of government. To cope with the large drops in federal funding, the study notes, states and localities would have to choose between reducing services markedly and raising taxes.

Budget Does Not Specify Programs to Be Cut After 2006

The Administration's budget calls for \$214 billion in reductions between 2006 and 2010 in domestic appropriated programs. These programs encompass a broad array of public services, such as education, environmental protection, transportation, veterans' health care, medical research, law enforcement, and food and drug safety. Many of these programs provide funding to state and local governments, which deliver the services.

While proposing \$214 billion in cuts in these programs, the budget provides specific information on where only the first \$18 billion of these cuts — those that would occur in 2006 — would come from. The budget omits information on which programs would be reduced, and by what amounts, to produce the remaining \$196 billion in cuts, those that would occur from 2007 through 2010.

This is the first time since at least 1989 that an Administration has failed to provide specific funding levels for individual appropriated programs beyond the coming year. Without

such information, it is more difficult for Congress and the public to have a full and open debate about the budget and about national budget priorities.

Fortunately, supplementary budget tables and data that were not included in the budget but that the Office of Management and Budget has provided to the Congressional budget committees do include funding levels for each of 57 categories of domestic appropriated programs — such as higher education, K-12 education and vocational education, and community development — for each of the next five years. These data provide the basis for the Center's study.

Estimates Derived from Administration Data and Funding Priorities

With this information, the Center estimated the funding levels that the budget envisions for 2007-2010 for a number of major domestic programs. The study assumes that the funding priorities that the Administration has proposed for 2006 within the 57 domestic program categories would remain the same in 2007-2010. In other words, the study assumes that a program would receive the same percentage of the funding in its program category in 2007-2010 as the percentage the Administration's budget proposes that the program receive in 2006.

To determine the human impact of the reductions proposed in various social programs, the study examines the effects the cuts would have if states and localities coped with the funding reductions by reducing the number of families or individuals that the programs serve. To estimate the state-by-state impacts of the cuts, the study assumes that each state would receive the same percentage of a program's funding in 2006-2010 as the percentage that the state is receiving in 2005. If a state now receives five percent of the funding for a program, the study assumes that the state would bear five percent of the funding cut if the program's funding level is reduced.

Budget Would Lock in Large Cuts in 2007-2010

The funding levels that the budget includes for domestic appropriated programs in the years from 2007 to 2010 are highly significant, the study notes, because the budget calls for locking in its cuts through enactment of a binding cap for each of the next five years on the total amount that Congress would be allowed to provide for appropriated programs. Each year's cap would be set at the precise level of funding that would be provided that year for appropriated programs if all of the Administration's funding proposals for these programs — including all of the reductions the budget proposes for the various domestic program categories — are enacted in full.

If these caps become law, Congress will have to make the \$214 billion in cuts in domestic appropriated programs that the budget proposes for 2006-2010, unless Congress is willing to set funding for defense, homeland security, and international affairs at levels below those the President has requested.

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The Center on Budget and Policy Priorities is a nonprofit, nonpartisan research organization and policy institute that conducts research and analysis on a range of government policies and programs. It is supported primarily by foundation grants.