

**NEWS  
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**DEEP, WIDESPREAD CUTS IN DOMESTIC PROGRAMS OVER  
NEXT FIVE YEARS UNDER ADMINISTRATION BUDGET**

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Under the Administration's budget, overall funding would be cut over the next five years in nearly every broad area of the federal budget related to domestic non-entitlement programs, according to a new analysis from the Center on Budget and Policy Priorities. Funding would be significantly lower in 2009 than 2004 (in inflation-adjusted terms) for non-entitlement programs in every area except defense, international affairs, and science and space.

By 2009, funding for non-entitlement programs in areas such as national resources and the environment, veterans' health benefits, health, and agriculture would be 10 percent to 20 percent below the 2004 funding levels, adjusted for inflation. Transportation programs, as well as education, training, and social services programs, would be cut by 7 to 8 percent over this period.

The proposed cuts are so large, an accompanying Center report shows, that by 2009, total funding for domestic non-entitlement programs outside homeland security would fall to its lowest level, measured as a share of the economy, since 1963.

**Spending Cuts Would Help Finance Tax Cuts, Not Shrink Deficit**

While the budget proposes significant cuts in domestic non-entitlement programs, the resulting savings would be small as a share of the budget because these programs make up only one-sixth of the overall federal budget.

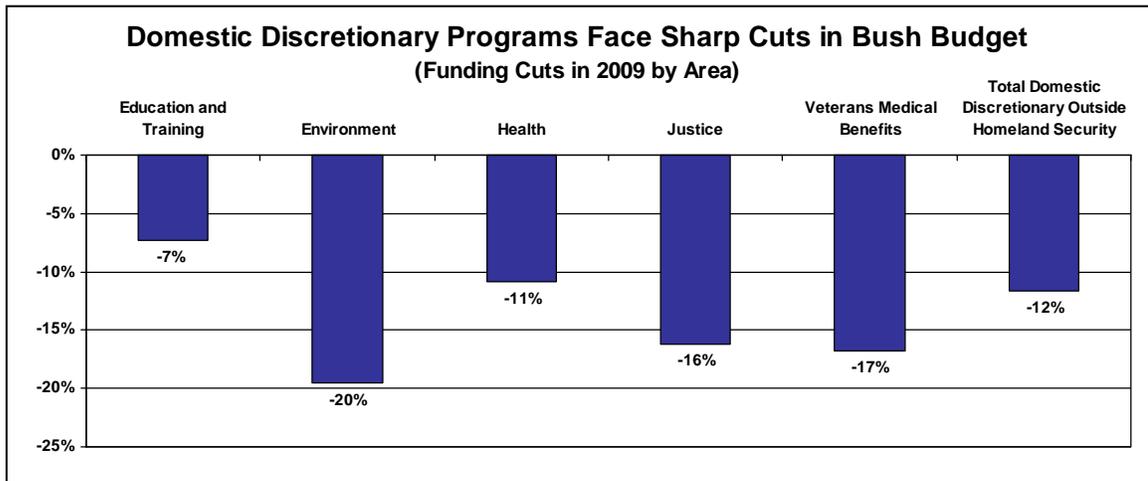
Moreover, the Office of Management and Budget's own documents show that the Administration's proposed tax cuts would cost more than these and other budget cuts would save. As a result, the cuts in domestic discretionary (i.e., non-entitlement) programs would be used to help finance tax cuts, not to shrink the deficit.

The report concludes that deficit-reduction efforts of the type instituted in the late 1980s and 1990s are again needed. Those earlier efforts, the report notes, involved shared sacrifice and coupled restraints on discretionary programs with tax increases — especially on those who could most afford them — and entitlement reductions. By contrast, the report finds, the Administration's budget "singles out domestic discretionary programs and the people they serve for cuts of considerable depth while seeking to confer yet more lavish tax cuts on those who are most well-off."

"This budget doesn't represent a serious effort to address our mounting fiscal problems," said Center Executive Director Robert Greenstein. "Nor does it provide equitable treatment to the various parts of the federal budget or Americans of different income groups."

**Proposed Spending Caps Would Enforce Cuts**

The proposed cuts for years after 2005 have received little attention because the Administration omitted the budget levels after 2005 for all budget accounts from the budget volumes it issued on February 2. For a number of years, these figures have been



a standard part of the budget books made widely available to the media and the public. The proposed cuts for years after 2005 can be found only in a more technical 1,000 page budget document that OMB has provided to the House and Senate Budget Committees and the Congressional Budget Office.

Nevertheless, these proposed cuts should be taken seriously because the Administration also is proposing five-year, legally binding “caps” on overall funding and spending levels for non-entitlement programs. Caps for each of the next five years would be set at exactly the overall amounts the Administration is proposing for non-entitlement programs in each such year, thereby locking in cuts of the magnitude that the Administration budget document shows.

#### **Cuts Would Affect Vast Majority of Domestic Programs**

By 2009, total funding for domestic discretionary programs outside homeland security would be cut \$49 billion — or 12 percent — below the 2004 funding level, adjusted for inflation. Such cuts entail reductions in the levels of service these programs provide. The proposed cuts include:

- A cut by 2009 of \$660 million in the **Title I education program**, which provides funding to school districts to improve educational outcomes for low-income and other disadvantaged children. (This means that the funding level the budget shows for this program in fiscal year 2009 is \$660 million below the OMB baseline. The baseline equals the 2004 funding level, adjusted for inflation.)
- A cut in 2009 of \$530 million in **special education**, which provides resources to states for educating children with disabilities.
- A cut of \$5.7 billion — or 17 percent — in **veterans’ health benefits**.
- A cut of 37 percent — or \$507 million — in 2005, and deeper cuts in subsequent years, in the **Clean Water Act State Revolving Fund**, which loans money to states to pay for sewage treatment plans.
- A cut in the **Supplemental Nutrition Program for Women, Infants, and Children** (the WIC program) that could result in the program serving 450,000 fewer low-income pregnant women, infants, and young children in 2009 than it could otherwise serve. Similarly, the cut in the **Head Start** program could result in the program serving 62,000 fewer children in 2009 than it could otherwise serve.
- An especially deep cut in the nation’s principal low-income housing assistance program, the **Section 8 housing voucher program**. It would be cut 40 percent by 2009, forcing local housing agencies to take such steps as slicing the number of low-income families and elderly and disabled households assisted by 800,000, or requiring that families pay an

average of \$2,800 a year more in rent even though most of them live in poverty. Such a cut would represent the deepest cut in a major program for the poor since at least the early years of the Reagan Administration.

Some domestic non-entitlement programs would receive funding *increases* in fiscal year 2005 (which starts on October 1, shortly before the elections). However, nearly all of these programs would be cut starting in 2006. This includes most programs for which the Administration is touting its proposed increases for 2005, such as special education for children with disabilities, research at the National Institutes of Health, and the WIC program.

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.

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