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## PRESIDENT BUSH EMBRACES HOUSE BUDGET Official "Statement of Administration Policy" Raises No Concerns About Cuts in Programs for Low-income Families

The Administration has now released its official "Statement of Administration Policy" (or SAP) on the budget bill that passed the House of Representatives early this morning.<sup>1</sup> In it, the Administration raises no concerns about any of the cuts in low-income programs contained in the House bill, including cuts that the Administration did not request and cuts that overturn earlier Administration initiatives, such as a House provision to terminate food stamps for 70,000 legal immigrants, most of them in working-poor families.

The SAP on the House budget bill stands in sharp contrast to the SAP that the Administration issued on the Senate budget reconciliation bill. In that SAP, the President threatened to veto the final reconciliation bill if it includes a Senate provision reducing excessive Medicare payments to certain managed care providers. Congress' non-partisan expert advisory committee on Medicare payments, known as MedPAC, recommended in June that these payments be reduced because they create an unlevel playing field among Medicare providers and are wasteful and unnecessary.

Taken together, the SAPs on the House and Senate budget bills seem to suggest that the Administration is willing to sign a reconciliation bill that includes significant cuts the President did not propose that would increase hardship among low-income families (and push some families and children deeper into poverty), but that the Administration is so staunchly opposed to stemming what experts agree are unwarranted and excessive payments to private managed care plans that it would consider vetoing a bill if those savings were included in it. (The Administration has also threatened to veto the pending tax-cut reconciliation bill if it includes a provision contained in the Senate-passed tax reconciliation bill that raises \$4.9 billion in revenues over the next two years by limiting tax write-offs available to large oil companies.)

- **SAP is silent on cutting food stamps to 70,000 legal immigrants.** The SAP on the House budget bill does not raise any concerns about the House cut in food stamps to legal immigrants, which the Congressional Budget Office says would result in 70,000 legal immigrants losing food stamp benefits by 2008. The Administration's failure to raise any reservations about this cut is surprising, since in 2002, the Administration proposed easing food stamp eligibility restrictions

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<sup>1</sup> The Statement of Administration Policy can be found at <http://www.whitehouse.gov/omb/legislative/sap/109-1/hr4241sap-h.pdf>.

for legal immigrants. In fact, the House budget bill's cut in food stamp assistance for legal immigrants partially reverses that Administration initiative.

- **SAP is silent on severe cut in funding for child support enforcement.** The House budget bill cuts federal funding for child support enforcement by \$5 billion over the next five years (a cut of nearly 40 percent by the fifth year), and by \$15.8 billion over the next ten years. CBO expects that, as a result of these funding reductions, efforts to collect child support legally owed by non-custodial parents will be cut back substantially. CBO estimates that *\$24 billion* in child support legally owed to children will go uncollected over the next ten years as a consequence. The loss of these child support payments will likely push significant numbers of children into, or deeper into, poverty.

The Administration has never recommended such cuts in the child support enforcement program. To the contrary, the Administration praised the child support program in its 2006 budget, in which it cites the child support program as “one of the highest rated block/formula grants of all reviewed programs government-wide. This high rating is due to its strong mission, effective management, and demonstration of measurable progress toward meeting annual and long term performance measures.”<sup>2</sup> Nevertheless, the Administration now appears to be embracing this cut.

The Administration also raised no concerns about House cuts in other low-income programs, including Medicaid provisions that would allow states to increase co-payment and premium charges rather dramatically for near-poor children and other beneficiaries just above the poverty line, and related Medicaid provisions that would significantly reduce the health care services that Medicaid must cover for such beneficiaries. CBO has estimated that the cuts arising from the provisions that raise co-payments and premiums and reduce the services that Medicaid covers would total nearly \$30 billion over the next ten years. CBO also reports that the lion's share of the savings from the higher co-payments would come from low-income patients forgoing health care services and medications when they were faced with these increased charges.

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<sup>2</sup> FY 2006 U.S. Department of Health and Human Services. *Budget in Brief*. Retrieved Oct. 27, 2005 at <http://www.hhs.gov/budget/06budget/acf.html#legislativeProp>.