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New Report Shows That President's Budget Sets the Wrong Priorities for New York

New York Working Families Will Receive a Billion Less from Feds in 2008 Compared to 2006

Albany – Today, the Fiscal Policy Institute and Citizen Action of New York released a report showing that President Bush's proposed 2007-2008 budget would cut funding for New York families by over a billion dollars compared to two years earlier, weakening a broad range of government services — from education to environmental protection to child care — while extending tax cuts for the very wealthy.

“The President's budget puts tax cuts for millionaires ahead of funding for health care, education and struggling New York families. Those are the wrong priorities — for New York and the nation,” said Richard Kirsch, Citizen Action of New York Executive Director, and a representative of the Emergency Campaign for America's Priorities. “Bush's one billion in federal cuts for New York will undermine New York's effort to improve education and restructure health care.”

“This budget is also a recipe for greater inequality, despite recent remarks by President Bush and the Federal Reserve Chairman highlighting the alarming growth in inequality,” added Dr. Trudi Renwick, Senior Economist at the Fiscal Policy Institute.

The report, *First Things First for New York: The President's Budget Makes the Wrong Choices for New York*, finds that the President's budget would shift billions of dollars in costs to New York and other states, forcing them to either raise taxes to compensate for the lost federal funds or scale back key public services. Many families could end up losing child care assistance, help paying winter heating bills, and other assistance. In contrast, millionaires will receive \$73 billion in tax benefits from the 2001 and 2003 tax cuts.

According to the report, which is available at www.fiscalpolicy.org, the President's budget would:

- **Cut New York's K-12 education funding by \$130.7 million after 5 years (by 2012).** The President's proposals would eliminate much of the additional funding Congress provided to help states implement the federal No Child Left Behind law. (The years in the report refer to federal fiscal years so that 2012 means the period beginning October 1, 2011 and ending September 30, 2012. A chart from the report is attached.)

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- ***Cut New York's child care funding by \$2 million next year, and \$6.7 million after 5 years.*** Under the proposed cuts, the number of children receiving child care assistance nationally would fall by 300,000 by 2010.
- ***Cut New York's Head Start funding by \$41.6 million after 5 years.*** These cuts would come on top of cuts already made to the program. The report projects that under the President's budget, programs would serve 5,300 fewer children than the programs served in 2002.
- ***Cut New York's funding for low-income energy assistance by \$49.4 million next year and by \$63.3 million after 5 years.*** The cuts in the Low-Income Home Energy Assistance Program (LIHEAP) would vastly curtail the ability of states to provide assistance to vulnerable households, often the elderly or persons with disabilities, despite increases in energy prices in recent years.
- ***Cut New York's funding for clean and safe drinking water by \$48.6 million next year and by \$62.4 million after 5 years.*** Among the programs impacted are EPA grants to states for sewage treatment plants and clean drinking water and wastewater infrastructure projects.
- ***Completely eliminate the Commodity Supplemental Food Program, which helps 28,300 low-income elderly New Yorkers.*** This program provides nutritional food packages to more than 400,000 low-income elderly people nationally, more than a third of whom are over age 75.
- ***Eliminate funding for New York's Community Services Block Grant, a cut of \$55.4 million next year.*** The Community Services Block Grant provides core operating support to New York's fifty-two community action agencies that work to alleviate poverty in their communities.
- **Eliminate a set of grants programs that assist state and local law enforcement, costing New York \$85.6 million in guaranteed funding next year.**

“In recent years, as the federal government has enacted huge tax cuts that disproportionately benefit the wealthy, it has underinvested in a wide range of programs that improve Americans’ quality of life and strengthen the safety net for the needy,” said Frank Mauro, Fiscal Policy Institute. Executive Director “It’s now time now to set a new course. By making the right choices, Congress can craft a budget that meets the nation’s priorities while charting a more fiscally responsible course than the President has laid out.”

FPI is a nonpartisan research and education organization that focuses on the broad range of tax, budget, economic and released public policy issues that affect the quality of life and the economic well-being of New Yorkers. Citizen Action of New York is a statewide membership organization working for social, racial, economic and environmental justice. The Emergency Campaign for America’s Priorities is a nationwide campaign of national and grassroots organizations committed to reversing the administration’s policy of drastic cuts to programs that primarily benefit the poor and middle class in order to finance tax cuts that benefit the wealthy and special interests.

Examples of New York Impact of Proposed Bush Cuts

	Relative to 2007				Peak Year	Relative to Peak Year			
	Cut in 2008		Cut in 2012			Cut in 2008		Cut in 2012	
	<u>Cut in NY</u> <u>(dollars in</u> <u>millions)</u>	<u>National</u> <u>Percentage</u> <u>Cut</u>	<u>Cut in NY</u> <u>(dollars in</u> <u>millions)</u>	<u>National</u> <u>Percentage</u> <u>Cut</u>		<u>Cut in NY</u> <u>(dollars in</u> <u>millions)</u>	<u>National</u> <u>Percentage</u> <u>Cut</u>	<u>Cut in NY</u> <u>(dollars in</u> <u>millions)</u>	<u>National</u> <u>Percentage</u> <u>Cut</u>
Elementary and Secondary Education	No Cut	No Cut	\$130.7	5.8%	2003	\$268.0	10.6%	\$438.8	15.6%
Vocational and Adult Education	\$40.8	41.0%	\$48.2	44.3%	2004	\$58.6	48.9%	\$67.2	51.8%
Child Care and Development Block Grant	\$2.0	1.9%	\$6.7	5.7%	2002	\$20.0	15.7%	\$26.0	19.0%
Head Start	\$14.7	3.3%	\$41.6	8.7%	2002	\$52.1	10.8%	\$81.8	15.8%
EPA Clean Water/Drinking Water State Revolving Funds	\$48.6	21.9%	\$62.4	26.1%	2001	\$117.6	40.4%	\$136.4	43.6%
Low-Income Energy Assistance	\$49.4	19.1%	\$63.3	22.2%	2001	\$51.8	24.6%	\$107.9	27.5%
Community Services Block Grant	\$55.4	100.0%	\$59.6	100.0%	2002	\$65.3	100.0%	\$70.2	100.0%
Public Housing Capital Fund	\$78.0	18.6%	\$90.4	20.0%	2001	\$256.0	42.8%	\$281.5	43.8%
Community Development Block Grant	\$71.5	21.3%	\$93.5	26.0%	2001	\$197.2	42.8%	\$228.4	46.2%
State and Local Law Enforcement Formula Grants	\$85.6	100.0%	\$91.9	100.0%					
Commodity Supplemental Food Program		100.0%		100.0%					
WIC - Special Supplemental Nutrition for Women, Infants and Children	No Cut	No Cut	\$15.4	4.1%					

Source: Fiscal Policy Institute analysis of data from the Center on Budget and Policy Priorities.