

# First Things First for New York

*The President's Budget Makes the  
Wrong Choices for New York*



**COALITION ON HUMAN NEEDS**

## **Citizen Action of New York Fiscal Policy Institute**

An analysis prepared by  
Coalition on Human Needs  
for  
Emergency Campaign for America's Priorities  
Citizen Action of New York  
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## Overview: The President's Budget Makes the Wrong Choices

In New York, we share some basic priorities. We all want our children to grow up healthy. We want to know that if we are sick or hurt, there will be doctors and nurses and ambulances ready to care for us. We want our kids to get a good education so they can get good jobs and strengthen our economy, and because an informed citizenry is the base of a healthy democracy. We want everyone to have enough nutritious food to eat. We want to breathe clean air and drink clean water.

The budget proposal that President Bush just sent to Congress makes the wrong choices. It would cut programs that are needed to build a prosperous future for our communities, New York and the nation. It would make permanent the tax cuts that benefit millionaires and leave a legacy of debt for our children. It would trim the federal budget by shifting costs to New York and other states, and by denying aid to the vulnerable. And it escalates the damage over time, making significant cuts in 2008 that become truly devastating by 2012.<sup>1</sup>

For the past six years, New York's unmet needs have been growing. Nationally, 150,000 fewer children receive child care subsidies than in 2000,<sup>2</sup> 150,000 fewer households get help to keep their rent affordable than in 2004,<sup>3</sup> and Food Stamp benefits, which provide an average of only \$1 per person for a meal, have not been adjusted for inflation.<sup>4</sup> This year, 14 states will run out of money for the State Children's Health Insurance Program (SCHIP), with more states facing the same dilemma in years to come.<sup>5</sup> Meanwhile, the gap between the richest among us and the rest of us has been growing steadily, thanks in large part to reckless, inequitable tax cuts that exacerbate the national debt and leave our children and grandchildren to foot the bill.<sup>6</sup>

Our state depends on federal dollars to provide the services that keep our families and our communities strong. In New York, 37 percent of our state budget comes from federal dollars.<sup>7</sup> According to the Center on Budget and Policy Priorities, the president's budget would cut grants in aid to New York by \$1.09 billion in 2008.<sup>8</sup> If the federal contribution to New York's budget continues to shrink, New York will have to either find the resources to make up the difference, or cut services and programs that affect us all.

We need to reverse this course and start setting the right priorities. We call upon Congress to move substantially toward meeting New York's needs and strengthening our

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<sup>1</sup> Throughout this analysis, we refer to the fiscal year, so that 2008 means the period beginning October 1, 2007 and ending September 30, 2008.

<sup>2</sup> Center For Law and Social Policy, [http://www.clasp.org/publications/2008\\_budget\\_child\\_care.pdf](http://www.clasp.org/publications/2008_budget_child_care.pdf).

<sup>3</sup> Center on Budget and Policy Priorities, <http://www.cbpp.org/2-1-07hous2.htm>.

<sup>4</sup> Food Research and Action Center, <http://www.frac.org/html/news/020707budget.html>.

<sup>5</sup> Center on Budget and Policy Priorities, <http://www.cbpp.org/6-5-06health2.htm>.

<sup>6</sup> Center on Budget and Policy Priorities, <http://www.cbpp.org/1-23-07inc.htm>.

<sup>7</sup> National Association of State Budget Officers, State Expenditure Report: 2004. <http://www.nasbo.org/Publications/PDFs/2004ExpendReport.pdf>.

<sup>8</sup> Center on Budget and Policy Priorities, <http://www.cbpp.org/2-6-07sfp.htm>.

economy by providing \$450 billion for domestic, annually appropriated programs in its Budget Resolution for FY 2008, rather than the president's recommendation of \$392 billion. By allotting \$450 billion for domestic annual appropriations, Congress can make a significant step towards expanding services beyond 2005 levels, including adjustments for inflation and population growth. Congress can make this investment in our future and be fiscally responsible by reversing next year's tax cuts for millionaires, which, according to the Senate Budget Committee, will cost \$55 billion. To ensure that New York's families are able to pay for necessities, we also call upon Congress to expand the Food Stamp Program and SCHIP, both of which are up for renewal this year, and to restore funds to collect billions of dollars in support owed to children.

## Background: Growing Inequality, Less Opportunity in New York

Despite the administration's claims of a strong economy, in New York the rich are getting richer, while hardworking middle-class and low-income folks are barely getting by.

According to the Economic Policy Institute and the Center on Budget and Policy Priorities, in the early 2000s, the richest families in New York had average incomes 8.1 times as large as the poorest 20 percent, up from 5.6 in the early 1980s, and 2.7 times as large as the middle 20 percent of families, up from 2.1 in the early 1980s. By the early 2000s, the average income of New York's poorest fifth of all families was \$16,076 and the average income of the middle fifth of all families was only \$48,531 while the richest fifth of all families had incomes on average of \$130,431.<sup>9</sup> More recent data from the New York State Department of Taxation and Finance shows that this pulling apart trend has accelerated during the current recovery.<sup>10</sup>

If everyone were prospering, such gaps in wealth might not be a problem. But far too many New Yorkers are struggling to get by. Over the last six years, as Congress and the president made bad budget choices year after year, poverty rose. In New York, 2.57 million people are poor, with incomes below \$19,971 for a family of four. Most families need about twice that income to cover their most basic needs,<sup>11</sup> yet 5.5 million people in New York have income below twice the poverty level, or \$39,943. And even that budget does not allow people to make investments in their future that create opportunity, like buying homes or going to college.<sup>12</sup>

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<sup>9</sup> Center on Budget and Policy Priorities, <http://www.cbpp.org/1-26-06sfp.htm>.

<sup>10</sup> Fiscal Policy Institute, "Balancing New York State's 2007-2008 Budget in an Economically Sensible Manner," February 2007.

<sup>11</sup> Economic Poverty Institute data shows that the median family income needed to meet the most basic budget is just over twice the official poverty level. <http://www.epi.org/content.cfm/bp165>.

<sup>12</sup> U.S. Census, American Community Survey, [http://factfinder.census.gov/servlet/DatasetMainPageServlet?\\_program=ACS&\\_submenuId=&\\_lang=en&\\_ts](http://factfinder.census.gov/servlet/DatasetMainPageServlet?_program=ACS&_submenuId=&_lang=en&_ts).

As a result,

- *Too many New York residents are uninsured and lack access to a doctor.* When people are uninsured, they get less medical care, scrimp on medications and treatment, and often don't catch health problems until they are much more serious. Health care costs from medical crises are one of the biggest causes of bankruptcy today. Over the past decade, the nation has made tremendous progress in reducing the number of uninsured children, but there are still about 385,000 of children uninsured in New York today.<sup>13</sup> The Spitzer Administration has pledged to continue to reduce the number of uninsured children by expanding eligibility for Child Health Plus to children in families with incomes up to 400 percent of the poverty guidelines. The Bush administration's budget proposal would make it costlier to implement this plan by reducing federal reimbursement to states for coverage of children from families with incomes above 200 percent of poverty.

New York has seen a drop in the portion of the state population without health insurance over the past five years, falling from 16.3 percent in 2000 to 13.5 percent in 2005. Much of this success is due to growth in the portion of the population covered by government programs from 27.0 percent to 30.8 percent while the portion of the population covered by employer provided insurance has remained stable.<sup>14</sup> Yet 2.1 million adult New Yorkers still lack health insurance. Medicaid has helped protect insurance coverage for adults, and we should not lessen support for this program.<sup>15</sup>

- *Too many New Yorkers have a hard time feeding their families.* During the period 2003-2005, 10.4 percent of New York families, were "food insecure," according to the Department of Agriculture, up from 9.4 percent during the period 2000-2002.<sup>16</sup> That means 768,000 families, mostly those with at least one person working full time, had a hard time putting enough food on the table.<sup>17</sup>
- *Too many New York residents lack the education they need to get good jobs.* At a time when a high-quality, comprehensive education is essential for a prosperous future, Census Bureau data show that almost 2 million adult New Yorkers lack a high school diploma, and only 19 percent have graduated from college.<sup>18</sup>
- *Too many New Yorkers pay more than they can afford for housing.* When housing costs exceed 30 percent of a family's income, it becomes difficult to meet even the most basic family needs. U.S. Census Survey data show that 48 percent of

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<sup>13</sup> Kaiser Family Foundation, statehealthfacts.org .

<sup>14</sup> Fiscal Policy Institute, "New York Makes Real Progress on Health Care Coverage, September 27, 2006.

<sup>15</sup> Kaiser Family Foundation, statehealthfacts.org .

<sup>16</sup> Food Research and Action Center analysis of US Department of Agriculture data, <http://www.frac.org/pdf/hunger05.pdf>[0] .

<sup>17</sup> Food Research and Action Center analysis of US Department of Agriculture data, [http://www.frac.org/html/federal\\_food\\_programs/federal\\_index.html#states](http://www.frac.org/html/federal_food_programs/federal_index.html#states).

<sup>18</sup> US Census Current Population Survey 2005,

<http://www.census.gov/population/socdemo/education/cps2005/tab13.xls> .

households in New York that rent are paying more than 30 percent of their income for rent, leaving too little to pay for other necessities.<sup>19</sup>

New Yorkers are watching their chance at the American dream slip away. They are finding it harder to make ends meet, educate their children, put food on the table, and keep a roof over their heads. The administration's proposals would lock these trends into place. We need to reverse them. Congress must set the right priorities and put first things first.

## Where the President's Budget Fails New York

***We need to expand health insurance and access to health care in New York, not make things worse.*** We all know children need health care. When they are insured, children are healthier and can do better in school. Every state has made great progress in reducing the number of uninsured children during the last decade. Governor Spitzer has pledged a further expansion of the Child Health Plus program. Yet the administration's budget would not even give states enough money to keep insuring the same number of children, let alone expand coverage. For example, the administration has not proposed any new SCHIP funding to address the fiscal year 2007 federal-funding shortfalls scheduled to affect 14 states in the next several months. The administration's budget also proposes to reauthorize SCHIP at levels well below what is needed for states just to maintain existing caseloads. Many states could be forced to freeze access to their health insurance programs for children, reduce eligibility, and/or cut back on benefits, rather than continue to improve coverage. Far from reducing children's access to health care, we need to expand it so that every child can grow up healthy. Congress should renew and strengthen the SCHIP program to ensure that no one loses coverage, and to continue the significant progress that has been made in reducing the number of uninsured children in the United States.

At the same time, we must avoid making changes that would jeopardize Medicaid. Every person in New York depends on New York having a strong health care system, with adequate emergency care, strong hospitals, and enough doctors and medical providers. Medicaid is the nation's main health insurance program for low-income people, and it is essential to the well-being of our entire health care system. Medicaid helps provide critical support for clinics, hospitals, pharmacies, nursing homes and other health care providers by providing health insurance for low-income children, families, seniors and people with disabilities.

The administration's choice—\$60 billion in cuts to Medicaid nationwide over the next 10 years—threatens the health of all New Yorkers. The administration's budget proposes to cut Medicaid primarily by reducing federal payments and shifting federal costs of Medicaid onto states' shoulders. This proposal is particularly troubling because it comes

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<sup>19</sup> U.S. Census, American Community Survey 2005, calculations by the Coalition on Human Needs, [http://factfinder.census.gov/servlet/DatasetMainPageServlet?\\_program=ACS&\\_submenuId=&\\_lang=en&\\_ts](http://factfinder.census.gov/servlet/DatasetMainPageServlet?_program=ACS&_submenuId=&_lang=en&_ts).

on top of the federal cuts enacted in January 2006, which reduced national Medicaid spending by more than \$28 billion over 10 years, and in addition to the numerous cuts that states made in order to contain costs during the recent economic downturn. Rather than strengthening or preserving Medicaid, the administration's proposals would force states to make damaging decisions to reduce access to health care in their Medicaid programs, to cut other state programs in order to replace lost federal funds, and/or to raise state taxes. Inevitably, these changes will shortchange needy patients and critical health care providers.

***We need to invest in education from the earliest years through college.***

**Head Start.** Despite research showing that children do better in school after attending Head Start programs, the administration plans further cuts to Head Start. New York's Head Start funding has been cut by \$37.4 million since 2002.<sup>20</sup> If the president's proposals are enacted, Head Start will be cut by another \$14.7 million next year and by 2012 New York's funding will be \$81.8 million dollars less than 2002 level of funding. By 2008, New York will have 5,300 fewer children in Head Start than it did in 2002.<sup>21</sup>

**Child Care.** While we know children in high-quality child care settings do better in school—with low-income children seeing the most benefit—President Bush plans to continue to cut child care funding. By the Administration's own calculation, budget cuts have already meant that 150,000 fewer children nationwide were in subsidized care in 2006 than in 2000. Now the administration is proposing cuts that would deprive another 300,000 children of the opportunity for a good start by 2010.<sup>22</sup> According to the Center on Budget and Policy Priorities, New York would lose \$24.1 million in child care funding over the next five years compared to 2007.<sup>23</sup> These cuts come on top of cuts that have been made in child care since 2002. Under the president's proposal, New York will receive \$26 million *less* in 2012 than it would have received if federal funding had kept pace with inflation since 2002.<sup>24</sup>

**K-12 Education.** Our schools already struggle to meet the demands laid on them under No Child Left Behind, yet the president's budget would cut funding for elementary and secondary schools by 2012 by 15.6 percent when adjusted for inflation, compared with 2003.<sup>25</sup> New York would receive \$268 million less in federal funding in 2008 than it received in 2003. By 2012 the cut for New York would grow to \$438.8 million. These cuts may undermine New York State's efforts to improve educational achievement, at a time when New York State school districts need to spend billions of additional dollars to comply with the requirements of the courts in the *Campaign for Fiscal Equity* litigation.

**Vocational Education.** Funding for adult education, as well as vocational education in high school and beyond, is critically important to enable New Yorkers without a college

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<sup>20</sup> Center on Budget and Policy Priorities, [www.cbpp.org/2-21-07bud.htm](http://www.cbpp.org/2-21-07bud.htm).

<sup>21</sup> Center on Budget and Policy Priorities, [www.cbpp.org/2-21-07bud.htm](http://www.cbpp.org/2-21-07bud.htm).

<sup>22</sup> Center for Law and Social Policy, [http://www.clasp.org/publications/2008\\_budget\\_child\\_care.pdf](http://www.clasp.org/publications/2008_budget_child_care.pdf).

<sup>23</sup> This figure is calculated including the amount needed to adjust for inflation.

<sup>24</sup> Center on Budget and Policy Priorities, [www.cbpp.org/2-21-07bud.htm](http://www.cbpp.org/2-21-07bud.htm).

<sup>25</sup> Center on Budget and Policy Priorities, [www.cbpp.org/2-21-07bud.htm](http://www.cbpp.org/2-21-07bud.htm).

degree to get good jobs, and to ensure a highly skilled work force. Yet the administration's budget would cut funding for adult and vocational education again. In 2008 funding to New York would be cut by almost half (48.9 percent) compared to 2004 peak funding levels in 2004 when adjusted for inflation.<sup>26</sup>

A budget that focuses on the right priorities must invest in education. While we applaud the president's proposal to increase Pell grant levels, it is the wrong choice to increase them in large part by cutting other college programs. But that is what the administration's budget would do.

Education is vital for a prosperous economy and individual success, but it is only one of the investments needed for lifetime success. To do well in school, and in life, our citizens need to be healthy, eat well, have a roof over their heads, and live in a healthy environment.

***We need to reduce hunger in New York.*** Already too many New York residents struggle to feed their families. When people have to spend a huge proportion of their scarce dollars on housing, health care, and child care, they have less money to put food on the table. We can expect to see food insecurity levels rise if the president's proposals are enacted.

Unfortunately, the administration proposes to make food insecurity even more widespread. It plans to eliminate a state option that allows more than 300,000 people in working families to receive food stamps.<sup>27</sup> It also wants to eliminate the Commodity Supplemental Food Program, which provides nutritious, monthly food packages mostly to elderly recipients. According to the Center on Budget and Policy Priorities, that means, in New York, 28,300 people will no longer receive nutritious food to supplement their diets.<sup>28</sup> The Women, Infants, and Children (WIC) nutrition program is widely recognized to improve the health of children and their mothers and save money in reduced health care costs. Although the administration proposes a small increase to enable WIC to keep up with expected growth and provide food packages for 8.3 million participants in 2008, it undermines the effectiveness of WIC by cutting \$175 million in services and essential management. Without these services, fewer children will get immunizations and fewer families will be helped to plan nutritious meals or learn about breastfeeding. Even worse, the budget plan projects future cuts that will mean eligible children and mothers would be turned away. By 2012, under this budget, 19,900 fewer children and mothers would be served in New York.<sup>29</sup>

Congress should put first things first and reject these cuts. Instead, it should strengthen the Food Stamp Program, which needs to be reauthorized this year, by expanding eligibility, increasing benefit levels, and removing bureaucratic roadblocks to applying for or renewing benefits.

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<sup>26</sup> Center on Budget and Policy Priorities, [www.cbpp.org/2-21-07bud.htm](http://www.cbpp.org/2-21-07bud.htm).

<sup>27</sup> Food Research and Action Center, <http://www.frac.org/html/news/020707budget.html>.

<sup>28</sup> Center on Budget and Policy Priorities, [www.cbpp.org/2-21-07bud.htm](http://www.cbpp.org/2-21-07bud.htm).

<sup>29</sup> Center on Budget and Policy Priorities, [www.cbpp.org/2-21-07bud.htm](http://www.cbpp.org/2-21-07bud.htm).

***We need to help more families have a decent roof over their heads.*** With so many New Yorkers already struggling to pay their rent, the president's proposals to cut housing programs are particularly misguided. Nationwide, the administration's budget will eliminate between 40,000 and 80,000 housing vouchers that keep rent affordable for low-income families. According to the National Low Income Housing Coalition, we have lost 150,000 housing vouchers since 2004.<sup>30</sup> Congress restored many of these vouchers in the 2007 budget, but the administration's budget would reverse much of this progress. The administration also plans to cut funding for housing for low-income seniors by almost a quarter, down to \$575 million, and funding for housing for people with disabilities would be cut from \$231 million in 2006 to \$125 million in 2008. In New York alone, the budget would cut \$78 million from the Public Housing capital fund.<sup>31</sup> These are the wrong choices.

Even people with a place to live often need help keeping warm. In the United States, between the winter of 2002 and the winter of 2007, heating oil costs rose 44 percent, while electricity bills rose 17 percent and natural gas bills rose 35 percent. Yet help for families in paying these costs, through the Low Income Home Energy Assistance Program (LIHEAP), has not kept pace.<sup>32</sup> Nationally, the president's budget would cut LIHEAP by \$420 million in 2008, a 19.1 percent cut from 2007 when adjusted for inflation. As a result, the Center on Budget and Policy Priorities calculates that the program will serve 156,900 fewer New York families in 2008 than in 2007.<sup>33</sup>

***We need the resources to ensure that both parents support their children.*** In January 2006, Congress and the president cut funding for child support enforcement. According to the Center for Law and Social Policy, New York will lose \$283 million over 10 years in child support funding unless this cut is reversed. Because these funds help collect support from absent parents, children actually lose much more than the federal government saves; if these cuts are not restored, New York children will receive \$486.6 million less in child support collections over the next 10 years.<sup>34</sup>

***We need to protect our most vulnerable children.*** According to the Child Welfare League of America, New York had more than 75,000 substantiated cases of child abuse or neglect in 2003.<sup>35</sup> Sadly, nationally, four in ten cases where child abuse was substantiated received no services at all.<sup>36</sup> Protecting abused and neglected children is a federal *and* state responsibility. But once again, the administration is proposing a block grant option that would cap federal funding for foster care. This proposal would shift costs to New York State and local social services districts and make it harder to protect

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<sup>30</sup>Center on Budget and Policy Priorities, <http://www.cbpp.org/2-1-07hous2.htm>.

<sup>31</sup>Center on Budget and Policy Priorities, [www.cbpp.org/2-21-07bud.htm](http://www.cbpp.org/2-21-07bud.htm).

<sup>32</sup>National Energy Assistance Directors Association, [http://www.neada.org/LIHEAP\\_Issue\\_Brief\\_03.pdf](http://www.neada.org/LIHEAP_Issue_Brief_03.pdf).

<sup>33</sup>Center on Budget and Policy Priorities, [www.cbpp.org/2-21-07bud.htm](http://www.cbpp.org/2-21-07bud.htm).

<sup>34</sup>Center for Law and Social Policy, [http://www.clasp.org/publications/incentivepayments\\_jan18.pdf](http://www.clasp.org/publications/incentivepayments_jan18.pdf).

<sup>35</sup>Child Welfare League of America, [http://ndas.cwla.org/data\\_stats/](http://ndas.cwla.org/data_stats/).

<sup>36</sup>National Child Abuse and Neglect Data System, cited in Child Welfare League of America's Summary of Child Welfare Financing Policy Recommendations, <http://www.cwla.org/advocacy/financingpolicyrecommendations.htm>.

our vulnerable kids. If this proposal is enacted, over time the value of the federal contribution will be eroded by inflation. And if we face another crisis like the current methamphetamine epidemic, which requires New York to place many more children in foster care, New York will have to shoulder the entire burden instead of having a federal partner. By denying adequate resources to help abused children, the block grant proposal is likely to worsen this sorry record.

***We need to support our communities.*** Our towns and counties are the front lines in serving children, families and senior citizens. The federal funds on which they depend have been frozen or dwindling for years. Now the president's budget would go even further. The Social Services Block Grant, which communities can use for services to abused and neglected families, services to people with disabilities, home care for the elderly and disabled, and a range of similar programs, is slated to be cut from \$1.7 billion in 2007 to \$1.2 billion for 2008.<sup>37</sup> This comes on top of years where the grant has not been adjusted to keep up with inflation. As a result, New York will receive \$32.8 million less in 2008. Moreover, this budget also eliminates any special support for victims of the hurricanes, many of whom continue to lack jobs, housing, child care, and transportation; while the Social Services Block Grant was increased by a one-time allocation in 2006 to help hurricane victims, the president's budget includes absolutely nothing to address their continuing needs in 2008. The budget would completely eliminate the Community Services Block Grant, which supports 52 community action agencies operating in all 62 New York counties that administer everything from Head Start programs to weatherization. For New York, that means a loss of \$55.4 million.<sup>38</sup> And it would slash the Community Development Block Grant, which our cities and towns use to create affordable housing, help low-income families, and address critical community needs that affect our health or welfare, cutting it 21.3 percent or \$807 million in 2008 bringing cuts since 2001 in the program to \$2.225 billion or 42.8 percent. New York will receive \$197.2 million less than in 2008 than in received in 2001. By 2012 New York cuts will grow to \$228.4 million.<sup>39</sup>

***We need to protect the water we drink and the air we breathe.*** The health of every resident of New York depends on whether our air and water are clean. The growing asthma rates in our communities attest to the importance of protecting our air, yet the president's budget cuts the funds that states use to do just that. According to the Environmental Council of the States, the State and Local Air Quality Management Program is one of the state environmental management agencies' highest priorities, yet the president's budget would fund it at \$185 million, a cut from the 2004 funding level of \$237 million<sup>40</sup> without even taking inflation into account. The Environmental Council reports that this cut comes on top of a decade in which this funding has already lost 25 percent of its funding through inflation.<sup>41</sup> Our drinking water would also be more

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<sup>37</sup> Center on Budget and Policy Priorities, [www.cbpp.org/2-21-07bud.htm](http://www.cbpp.org/2-21-07bud.htm).

<sup>38</sup> Center on Budget and Policy Priorities, [www.cbpp.org/2-21-07bud.htm](http://www.cbpp.org/2-21-07bud.htm).

<sup>39</sup> Center on Budget and Policy Priorities, [www.cbpp.org/2-21-07bud.htm](http://www.cbpp.org/2-21-07bud.htm).

<sup>40</sup> Environmental Council of the States,

<http://www.4cleanair.org/Documents/TheStatesProposaltoCongressforEPAs2008STAGfinal.pdf>.

<sup>41</sup> [www.4cleanair.org/Documents/TheStatesProposaltoCongressforEPAs2008STAGfinal.pdf](http://www.4cleanair.org/Documents/TheStatesProposaltoCongressforEPAs2008STAGfinal.pdf).

dangerous. In 2008, New York would receive \$117.6 million less from the Clean Water Revolving Fund and the Clean Drinking Water Revolving Fund than it received in 2001, funds that it uses for activities like buying land around reservoirs to protect drinking water, or upgrading sewage treatment plants.<sup>42</sup>

***We need to make sure that New York can meet its own responsibilities to its citizens without bearing the burden of the federal government's responsibilities as well.*** The overall effect of the president's budget proposal is to shift much of its responsibilities—and its costs—to the states. According to the Center on Budget and Policy Priorities, the president's budget would cut grants in aid other than Medicaid to New York State and localities by \$1.09 billion.<sup>43</sup>

### The President's Budget Sets the Wrong Priorities

The president's budget does not make these cuts out of a sense of fiscal responsibility. Rather, they are used to partially offset the cost of tax cuts for millionaires. In every year from 2008 through 2012, the cost of the president's tax cuts for millionaires exceeds what his budget would save through cuts to annual funding for domestic programs. For example, in 2012, according to the Center on Budget and Policy Priorities, the president's budget would cut annually funded domestic programs by \$34 billion.<sup>44</sup> In that year, millionaires would receive \$73 billion in tax benefits from the 2001 and 2003 tax cuts. According to Congressional Budget Office data, the tax cuts are the single biggest reason that our federal government has gone from an annual budget surplus to an annual budget deficit. Even including the spending on Iraq and Katrina, federal spending as a share of the economy is lower than its average level over the last three decades, according to the Center on Budget and Policy Priorities. We don't need more tax cuts. We need to start investing in our communities and restoring fiscal sanity.

In New York, according to Citizens for Tax Justice, only families with the top 1 percent of income—families that on average have an income of \$1,997,900—are better off because of the tax cuts, once the cuts' effect on the national debt is taken into account. The rest of us are left with a small cut in our taxes, and a bigger debt to pay. In fact, families with incomes in the middle 20 percent—incomes on average of \$40,300—end up losing \$7,288.<sup>45</sup>

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<sup>42</sup> Center on Budget and Policy Priorities, [www.cbpp.org/2-21-07bud.htm](http://www.cbpp.org/2-21-07bud.htm).

<sup>43</sup> Center on Budget and Policy Priorities, <http://www.cbpp.org/2-6-07sfp.htm>.

<sup>44</sup> Center for Budget and Policy Priorities, <http://www.cbpp.org/2-5-07tax.htm>.

<sup>45</sup> Citizens for Tax Justice, <http://www.ctj.org/bushtaxcuts.htm>.

## Congress Should Put First Things First

The 110th Congress can expand opportunity and prosperity for the vast majority of New Yorkers, ensuring long-term economic growth by investing in critical human needs priorities. It's the wrong choice to leave children uninsured, our youth unprepared for work, and force all New Yorkers to face further erosion of public services and the environment. It's the wrong choice to cut services that empower our communities and strengthen our economy in order to pay for tax cuts for millionaires. It's the wrong choice to leave our children a legacy of debt, instead of investing in our children and communities for a productive future.

The president's budget makes the wrong choices. We call on Congress to make the right ones.

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*Citizen Action of New York is a statewide membership organization working for social, racial, economic and environmental justice.*

*The Fiscal Policy Institute (FPI) is a nonpartisan research and education organization that focuses on tax, budget, and economic issues that affect the quality of life and the economic well being of New York State residents. Founded in 1991, FPI works to support the development and implementation of public policies that create a strong economy in which prosperity is broadly shared by all New Yorkers.*

*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.*

*The Coalition on Human Needs is an alliance of national organizations working together to promote public policies which address the needs of low-income and other vulnerable populations. The Coalition's members include civil rights, religious, labor and professional organizations and those concerned with the well being of children, women, the elderly and people with disabilities.*

# APPENDIX

## 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.