



News from the Fiscal Policy Institute

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President's budget reflects 'wrong priorities' for New York Fiscal Policy Institute details impact of president's \$1.7 billion cut to state for 2008-09

[Latham, New York]—Thousands of New Yorkers would feel the impact of cuts in education, environmental protection, child care and a host of other services under President Bush's 2009 budget, according to the Fiscal Policy Institute. New York would lose **\$1.7 billion** in federal support for a broad range of critical programs, even as large tax cuts for wealthy households would be extended.

“This budget says we can afford more tax cuts for millionaires, but we can't afford to adequately invest in clean water, early education for children, or cancer research.” said Trudi Renwick, senior economist at the Fiscal Policy Institute. “Those are the wrong priorities for New York and the country.”

The president's budget would shift \$1.7 billion dollars in costs to New York, at a time when New York is already projecting an estimated shortfall of \$4.7 billion (\$4.4 billion at the time the state budget was proposed, increasing by \$237 million by the time of the 21-day amendments). “States must balance their budget in good times and bad; not only has the president resisted congressional efforts to provide fiscal relief to the states as part of the federal stimulus package, but his budget proposal would make the states' fiscal problems worse,” said Renwick.

The cuts in President Bush's budget would affect a broad range of services, including many that have already absorbed sizable cuts in recent years. For some important programs, there is enough programmatic detail to estimate the state-specific cuts. According to a report released today by the Center on Budget and Policy Priorities, the president's budget would:

- Cut New York's K-12 education by **\$231 million** relative to 2004. Nationally, funding would be 9 percent lower than in 2004.
- Cut New York's child care by **\$2 million**, marking the eighth straight year of frozen or reduced funding. Nationally, funding would be nearly 19 percent lower than in 2002.
- Cut New York's Head Start by **\$60 million** relative to the peak funding in 2002.

Nationally, funding would be 12 percent lower than in 2002, even though the number of poor children under age five—Head Start's target population—has risen significantly over that period.

- Cut New York low-income energy assistance by **\$90 million**. The Low-Income Home Energy Assistance Program (LIHEAP) provides funding to states to help vulnerable households to pay their home heating and air conditioning bills. The increase in energy prices over the past few years has made LIHEAP more important than ever. Yet the president's budget would cut LIHEAP by roughly \$582 million nationally next year, forcing states to cut back on the number of people they help or the amount of help they give each household.
- Cut New York's funding for clean and safe drinking water by **\$16.2 million**. Some of the biggest cuts in the president's budget would come in environmental programs, such as grants from the Environmental Protection Agency (EPA) to help states and localities fund sewage treatment plans, wastewater treatment, and other water clean-up projects. Under the budget, these grants would be cut by more than 20 percent compared to last year.
- Cut New York's community development funding by **\$67.4 million**. The Community Development Block Grant (CDBG) helps fund a broad range of community development activities in New York and other states, including housing and homelessness programs, improvements to public facilities such as senior and youth centers, and economic development. Under the president's budget, CDBG funding would be 45 percent below its 2001 level.
- Cut New York's funding for repairing, modernizing, and replacing public housing units by **\$75 million**. Nationally, funding has already been cut by nearly one third since 2001. Under the president's budget, funding would be 45 percent below the 2001 level.
- Cut New York's education and training programs for adults, dislocated workers, and youth by **\$29 million**. Nationally, each of these programs has been cut by 30 to 39 percent since 2001.

“When added to the cuts already made in many of these same programs in recent years, the president's proposals would take a severe toll on important services that residents of New York need,” said Frank Mauro, executive director of the Fiscal Policy Institute. “Congress should reject these cuts.”

In addition to cuts in 2009, the budget would cut federal Medicaid expenditures by \$18.2 billion over five years (with \$17.4 billion in reductions from legislative changes and another \$800 million from regulatory changes). These “savings” would primarily be achieved not by lowering health care costs, but rather by shifting costs to the states. (Detail is available at <http://www.cbpp.org/2-4-08bud2.htm>.) New York could bear \$2.7 billion of that five-year burden.

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. FPI reports are available at www.fiscalpolicy.org.

Examples of New York Impact of Proposed Bush Cuts

	Relative to 2008 level		Relative to 2001 level		Relative to Peak Level		Year of Peak Funding
	New York Cut (Millions of 2009 dollars)	National Cut (Percent)	New York Cut (Millions of 2009 dollars)	National Cut (Percent)	New York Cut (Millions of 2009 dollars)	National Cut (Percent)	
Grants in Aid to States and Localities other than Medicaid (a)	\$1,708.7	7.4%	\$864.6	3.9%	\$2,960.4	12.1%	2003
K-12 Education (b)	n/a	n/a	\$425.0	9.1%	\$231.3	9.1%	2004
Head Start	n/a	n/a	\$39.6	8.2%	\$58.2	11.6%	2002
Child Care and Development Block Grant	\$2.0	1.9%	\$19.6	15.9%	\$23.9	18.7%	2002
Vocational and Adult Education (b)	\$65.8	70.9%	\$83.0	74.3%	\$83.8	76.3%	2004
WIA Adult Activities Grants to States	\$10.6	17.7%	\$31.3	38.8%	\$31.3	38.8%	2001
WIA Youth Activities Grants to States	\$6.7	10.8%	\$33.6	37.9%	\$34.3	38.3%	2002
WIA Dislocated Workers Activities Program	\$11.7	16.9%	\$23.7	29.3%	\$29.9	34.2%	2002
Clean Water State Revolving Fund	\$16.2	20.9%	\$120.6	66.4%	\$120.6	66.4%	2001
Community Development Block Grant	\$67.4	19.9%	\$227.7	45.6%	\$227.7	45.6%	2001
Public Housing Capital Fund	\$75.0	18.6%	\$267.4	44.8%	\$267.4	44.8%	2001
Community Services Block Grant	\$57.6	100.0%	\$63.4	100.0%	\$67.8	100.0%	2002
Social Services Block Grant (c)	\$32.1	29.4%	n/a	n/a	n/a	n/a	
Justice Assistance Grants (d)	\$10.6	100.0%	n/a	n/a	\$33.4	100.0%	2007
Low-Income Home Energy Assistance (b)	\$90.3	22.5%	\$180.3	36.2%	\$263.2	49.2%	2002

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

Notes: (a) Looks at overall grants to states and localities and distributes cuts based on each state's overall share of grants in aid. Of this total, state-specific cuts are known for certain programs listed below.

(b) Percentage cut is a national percentage and not equal to the percentage cut for states. (For other programs, national percentage cut equals state percentage cut.)

(c) Entitlement program, but president proposes to cut on the discretionary side of the budget.

(d) Justice Assistance Grants did not exist in 2001.