



ACTION ALERT

The President's FY2009 Federal Budget Proposal

The national debt on February 15, 2008: **\$9,245,521,941,088.94**

Your share of the national debt: **\$30,468.86**

(Source: The U.S. House of Representatives Committee on the Budget website (www.budget.house.gov))

This month the President submitted his Administration's final federal budget proposal to Congress. The President has submitted a \$3.1 trillion budget plan which includes elimination and funding reductions of 151 domestic programs and Medicare and Medicaid. Under the President's plan, the deficit will grow to over \$400 billion again in FY2009. "Interest on the debt next year will total \$260 billion, about what will be spent by the departments of Education, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, Interior and Justice combined."¹ The President's proposal forecasts a budget surplus by 2012 but this prediction does not take into consideration military and humanitarian funding for Iraq and Afghanistan and assumes that the President's tax cuts instituted in 2001 and 2003, which are set to expire in 2010, would become permanent. In 2008, the Administration requested \$190 billion from Congress for Iraq and Afghanistan of which Congress has granted \$87 billion.

Under the President's plan, Medicare funding would be cut a total of \$186 billion over five-years due to cuts in payments to hospitals, nursing homes, hospices and increases in premiums paid by seniors. The proposal also includes Medicaid cuts in the amount of \$17.7 billion over the next five years. Funding for the State Children's Health Insurance Program (SCHIP) would increase to \$19.7 billion through 2013. The Center on Budget and Policy Priorities estimates that this figure is about \$1.8 billion short of what states need just to maintain the program and is not enough to allow states to cover more uninsured children who are eligible for the program.² The SCHIP funding bill that Congress passed and the President vetoed in 2007 would have provided coverage to more than 3.8 million uninsured children. Currently there are 6 million children eligible for SCHIP who remain uninsured.³

Among the 151 domestic programs the President proposes eliminating or reducing funding are energy aid programs to help poor households pay for heating, community service grants, juvenile justice programs, career and technical training programs and various public security programs. These cuts are expected to save \$18 billion next year when combined with a five-year freeze on all funding to domestic programs. In a White House Press briefing on February 4, White House Office of Management and Budget Director Jim Nussle indicated that in 2008 the President proposed 141 programs for reduction or elimination and Congress passed 29 of them. In 2007 44 proposed programs were eliminated or reduced and in 2006 89 proposed programs were eliminated or reduced for a total savings of \$10 billion.⁴

The President's budget freezes funding for the Department of Education at \$59.2 billion. The No Child Left Behind Act receives a small increase of \$125 million while 50 other education programs are proposed for termination or reduction in funding for a savings of \$3.8 billion. These include reducing funding for Improving Teacher Quality state grants which help ensure schools have highly qualified teachers, a requirement of the No Child Left Behind Act. Career and vocational education in high schools and community and technical colleges would also be eliminated under the President's plan. According to the U.S. House of Representatives Committee on the Budget, the termination of the Career and Technical Education programs "would withdraw assistance for the approximately 8 million students currently supported by federally funded vocational education."⁵ The President also proposes cutting \$303 million from the 21st Century Learning Centers budget which provide supervised after-school activities for 1.6 million students. Funding for Pell Grants for low-income college students and School Improvement Grants for school maintenance would increase under the proposed budget.

The President reduces the budget for the Child Care Development Block Grant (CCDBG) by \$41 million. The CCDBG provides child care assistance to low-income families and also monitors and improves child care for all children. The Community



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Development Block Grant (CDBG), which provides funding to states for economic development and job creation, affordable housing and other assistance for low-income citizens, would be cut by \$731 million. “If the President’s cut to CDBG were adopted this year, each of the 4,800 communities that currently receives CDBG funds would at risk of cuts.”⁶ \$500 million would also be cut from the Social Services Block Grant which provides states funding for social services such as child care, home-based services, employment services, child welfare programs, services for the disabled and prevention and intervention programs.

The President proposes cutting \$762 million from homeland security grants which include the State Homeland Security Program, Urban Area Security Initiative, Metropolitan Medical Response System and the Citizen Corps Program. These programs assist states and local communities to prevent, respond to, and recover from disasters. The President also proposes cutting \$174 million in grants to states and local law enforcement agencies for crime prevention, law enforcement, prosecution and drug treatment.

Funding cuts and program terminations will shift costs onto states. According to the Center on Budget and Policy Priorities, twenty-four states, including several of the nation’s largest such as California, Florida and Virginia, will face budget shortfalls next year. Twenty of those states will have a combined budget deficit of \$34 billion.⁷ “Unlike the federal government, states cannot run deficits when the economy turns down; they must cut expenditures, raise taxes or draw down reserve funds to balance their budgets.”⁸

Budget Watch

Deadline	Action to be completed
First Monday in February February 15	President submits budget to Congress. Congressional Budget Office submits report on economic and budget outlook to Budget Committees of the House and Senate.
April 1 April 15	Senate Budget Committee reports budget resolution to Congress. Congress completes action on budget resolution and votes on final version of the budget resolution.
June 10 June 30	The Appropriations bills are sent to the House and Senate floors for a vote. After two versions of the Appropriations bills are passed, a conference is held Between the House and Senate to formulate one version of the bills. Then the Conference agreement is sent to the House and Senate floor for a final vote.
October 1	Fiscal year begins.



Action



Call or write your Representative and Senators and tell them how the budget impacts issues of concern to you. To get contact information for your Congressional representatives call the U.S. Capitol switchboard at (202) 224-3121.

Read *The Book of Resolutions 2004* #227 Enabling Financial Support for Domestic Programs (pg. 572) and # 232 Negative Implications of U.S. Deficit Spending (pg. 581)

For more information contact the U.S. House of Representatives and Senate Appropriations committees:

Senate Appropriations Committee

Chairman: Senator Robert C. Byrd (WV)
 Ranking Member: Senator Thad Cochran (MS)
 Address: U.S. Senate
 Senate Appropriations Committee
 Room S-131
 Washington, DC 20510
 Telephone: (202) 224-7363
 Web Address: <http://appropriations.senate.gov>

House Appropriations Committee

Chairman: Representative David R. Obey (WI)
 Ranking Member: Representative Jerry Lewis (CA)
 Address: U.S House of Representatives
 House Appropriations Committee
 Room H-218
 Washington, DC 20515
 Telephone: (202) 225-2771
 Web Address: <http://appropriations.house.gov>

¹ Abramowitz, Michael and Jonathan Weisman. Bush’s Budget Projects Deficits: \$3.1 Trillion Plan Would Freeze Most Domestic Spending. *The Washington Post*. February 5, 2008; A01.

² Greenstein, Robert, James Horney and Richard Kogan. The Dubious Priorities of the President’s Budget. Center on Budget and Policy Priorities. February 4, 2008.

³ Children’s Defense Fund web page. http://www.childrensdefense.org/site/PageServer?pagename=policy_budget

⁴ Press Briefing by White House Office of Management and Budget Director Jim Nussle. February 4, 2008. <http://www.whitehouse.gov/news/releases/2008/02/print/20080204-2.html>

⁵ What’s At Stake? State-by-State Analysis of the President’s Fiscal Year 2009 Budget. U.S. House of Representatives Committee on the Budget. February 4, 2008.

⁶ Ibid.

⁷ McNichol, Elizabeth C. and Iris J. Lav. 20 States Face Total Budget Shortfall of at Least \$34 billion in 2009; 7 Others Expect Budget Problems. Center on Budget and Policy Priorities. February 1, 2008.

⁸ Ibid.