



ACTION ALERT

The President's Proposed Federal Budget for FY2008

In 2006 nearly 10,000 United Methodist Women gathered in Anaheim, California for the UMW Assembly. Those who attended participated in a collected expression calling for a *Money Transfer* in the U.S. budget. It was a call to shift America's financial resources so the budget reflected a priority on human needs, particularly the needs of women, children and the poor. Each February the President submits his budget request to Congress for the next fiscal year. For FY2008 the President has submitted a \$2.9 trillion budget which includes cuts in domestic spending and increases in funding to combat terrorism and for homeland security. The President proposes cutting the \$239 billion deficit by 2012. The proposed FY2008 budget is inconsistent with our call. Rather it proposes "extending tax cuts beyond 2012 and squeezing social security spending."ⁱ

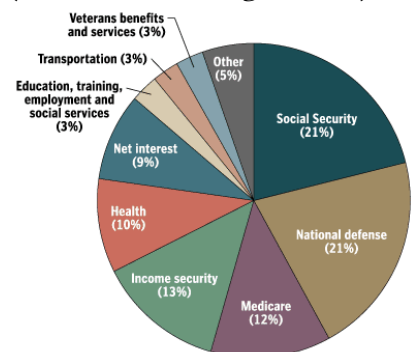
The proposal's greatest increase is for national security spending. According to the White House website, "between 2001 and 2006, security spending increased 41 percent overall: 36 percent for defense, 38 percent for international affairs, and 209 percent for homeland security."ⁱⁱ In FY2008 the President proposes a 10.5 percent increase in defense spending. This includes \$623 billion for the military, \$141 billion for the wars in Iraq and Afghanistan and \$50 billion towards plans to increase the size of the armed forces by 92,000 over the next five years.ⁱⁱⁱ The budget proposal also includes a \$99.6 billion war supplemental emergency funding request for 2007 which is in addition to the \$70 billion already approved.

The President's budget eliminates the deficit by 2012. The proposal cuts funding to mandatory programs which are programs the federal government is obligated to make payments for. This includes a total cut from the Medicare budget of \$5.3 billion in 2008 and \$75.9 billion over the next five years.^{iv} \$700 billion is allocated for the U.S. Department of Health and Human Services which is an increase of \$28 billion over 2007. Medicare constitutes 55.4 percent and Medicaid 29 percent of the Department of Health and Human Services budget.^v Some of the proposed reforms the President proposes to reduce the growth rate of Medicare are to adjust permanently provider payments; to establish competitive bidding for clinical laboratories; and to raise the premiums for higher income beneficiaries.^{vi} The proposed budget would also cut the Social Services Block Grant, which provides funds to states for basic services to low-income families, by \$4.4 billion over ten years.^{vii} Under the proposal, funding for the state-federal Children's Health Insurance Program (SCHIP), which provides health coverage for families who do not qualify for Medicaid but still can not afford health care, would increase by \$5 billion. This is "far short of the \$12 billion or more that experts say is needed to keep covering the 6 million children now in the program."^{viii} Some accuse the White House of tightening eligibility criteria for SCHIP and cutting home heating oil subsidies for poor households. Senate majority leader Harry Reed has noted that "hand[ing] out favors for the oil and gas industry, while ending health coverage for children and seniors...are the wrong choices and the wrong priorities."^{ix}

Domestic discretionary programs, programs which are funded through annual appropriations bills passed by Congress after the President submits his budget to Congress, would increase one percent over last year. Over the next five years domestic discretionary programs would be cut a total of \$117 billion.^{xi} As part of the proposed cut the Commodity Supplemental Food Program, which provides supplemental food packages to 440,000 underprivileged seniors would be terminated; \$420 million would be cut from the low-income Home Energy Assistance Program; and the Community Development Block Grant's program budget would be cut by \$1.2 billion.^{xii}

"National parks would be a big winner under President Bush's 2008 budget, and a plan to match up to \$100 million annually in private donations could guarantee increases for a decade."^{xiii} This proposal is "being welcomed by groups that advocate on behalf of the nearly 400 sites managed by the National Park Service."^{xiv} The new Bush budget also includes a proposal to cap agriculture subsidies, "the biggest corporate welfare program in the entire budget."^{xv} The proposal is seen as "a prelude to what promises to be a bruising battle over the next farm bill."^{xvi}

FY2008 Proposed Budget by Functional Category (From The Washington Post)*



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Education spending would increase by \$1 billion to support the implementation of the No Child Left Behind Act. The maximum for Pell grants for low-income college students would go up to \$4,600 from \$4,050. “The administration would pay for the boost by eliminating other student aid programs and cutting billions of dollars in subsidies to private companies that lend money to students.”^{xvii} Some of the affected programs include a \$100 million cut from the Head Start Program and the elimination of 44 education programs such as the Federal Supplemental Educational Opportunity Grants, education technology state grants, school counseling, Even Start, mentoring, physical education, dropout prevention and Tech Prep State grants.

Under the Bush proposal, the budget deficit would be eliminated over the next five years with a surplus of \$61 billion by 2012. This proposal does not account for the wars in Afghanistan and Iraq past the year 2009. According to the Senate Budget Committee the budget proposal also does not provide any specific details as to which domestic discretionary programs will be cut or reduced in order to achieve a budget surplus by 2012.^{xviii} The budget “count[s] on strong economic growth, diminishing costs in the Iraq war and tight domestic spending to offset the cost of tax cuts.”^{xix} Some “criticized the five-year budget plan as overly optimistic, and predicted that extending the tax cuts past their 2010 expiration date would dig the nation deeper into debt rather than produce a budget surplus.”^{xx}

Major Steps in the Federal Budget Process

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	Senate Budget Committee reports budget resolution to Congress.
April 15	Congress completes action on budget resolution and votes on final version of the budget resolution.
June 10	The Appropriations bills are sent to the House and Senate floors for a vote.
June 30	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



Follow the budget process and write your Representatives and Senators and tell them you support a people centered budget and spending that would enable women, children and families to live in dignity.

Read *The Book of Resolutions 2004*, Enabling Financial Support for Domestic Programs (#227, pg. 572), Negative Implications of U.S. Deficit Spending (#232, pg. 581) and Global Debt Crisis: A Call for Jubilee (#207, pg. 538)

Learn more about the Assembly Action Alert, *A Budget for Justice: Make a Money Transfer for the Least of These*. Visit the Women’s Division website at <http://new.gbmg-umc.org/UMW/assembly/action/?search=money%20transfer>

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 Fiscal Frustrations. *The Economist*. Feb. 10, 2007, pg. 27.

² The White House website. www.whitehouse.gov *The Budget for Fiscal Year 2008*. pg. 15.

³ Michael Abramowitz and Lori Montgomery. Bush Plan Reins In Domestic Spending; Proposal Aims to Balance Budget And Fund Wars. *The Washington Post*. Feb. 6, 2007. pg. A01.

⁴ Hinda Chaikind, Gretchen A. Jacobson, Jin Hahn, Paulette C. Morgan, Jennifer O’Sullivan, Holly Sue Stockdale, Julie Stone and Sibyl Tilson. *Medicare: FY 2008 Budget Issues*. CRS Report for Congress. Domestic Social Policy Division. Feb. 6, 2007.

⁵ Steven Reinberg. Bush Budget: Cut Medicare and Medicaid Growth Rate. *The Washington Post*. Feb. 6, 2007. HealthDay Reporter

⁶ The White House website. www.whitehouse.gov *The Budget for Fiscal Year 2008*. pg. 15.

⁷ Robert Greenstein. *Despite the Rhetoric, Budget Would Make Nation’s Fiscal Problems Worse And Further Widen Inequality*. Center on Budget and Policy Priorities. Feb. 6, 2007.

⁸ Christopher Lee. Slow Growth in Health. *The Washington Post*. Feb. 6, 2007. A07.

⁹ www.cnn.com/politics/blogs/politicalticker Feb. 5, 2007

¹⁰ The Washington Post website. <http://www.washingtonpost.com/wp-srv/politics/interactives/budget08/category.html>

¹¹ Ibid.

¹² Ibid.

¹³ President pushes boost in funding for national parks. *USA Today*. Feb. 5, 2007.

¹⁴ Ibid.

¹⁵ www.prnewswire.com/cgi-bin/stories

¹⁶ Cato Institute Scholars comment on 2008 budget proposals. www.cato.org

¹⁷ Amit R. Paley. New Spending for No Child Left Behind. *The Washington Post*. Feb. 6, 2007. A07.

¹⁸ Brief Analysis. *President Bush’s FY2008 Budget*. Prepared by the Democratic Staff of the Senate Budget Committee. Feb. 6, 2007.

¹⁹ Bush budget projects a surplus by 2012. *The Washington Post*. Feb. 5, 2007

²⁰ Ibid.