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33 Whitney Avenue
New Haven, CT 06510
Voice: 203-498-4240
Fax: 203-498-4242
www.ctkidslink.org

Contacts: Douglas Hall, Associate Research Director, CT Voices for Children, (203) 498-4240

President's Budget Reflects Wrong Priorities for Connecticut and the Country

Proposal Places New Burdens on CT State Budget, While Increasing Federal Deficit

Releasing a new analysis of the impact of President Bush's proposed 2008 budget, Connecticut Voices for Children expressed opposition to the budget, which would weaken a broad range of government services — from education to environmental protection to child care — while extending tax cuts that provide windfall gains to the very wealthy but saddle future generations with large debts.

“The Bush Administration's budget is telling us that maintaining our investments in education, child care, the environment, and community development are less important than tax cuts for the wealthiest Americans. Those are the wrong priorities for Connecticut and for the country,” said Douglas Hall, Associate Research Director at Connecticut Voices for Children, a research-based policy thinktank.

The President's budget would shift billions of dollars in costs on to Connecticut and other states, forcing them either to raise taxes to compensate for the lost federal funds or scale back key public services. Moreover, even as it “passed the buck” to states, the budget would *worsen* the federal government's budgetary situation, because the tax cuts would cost much more than the program cuts would save.

“This budget will worsen the economic inequality that is so damaging to the health of our state and economy,” Douglas Hall added. Under the President's budget, the average taxpayer reporting a million dollars in income will receive \$162,000 in tax cuts in 2012 alone (and nearly that much in each of the four preceding years as well), while cuts in federal funding for a wide variety of programs and services could harm millions of low- and moderate-income families. Many families could end up losing child care assistance, help paying their winter heating bills, and other needed assistance.

If implemented, the President's cuts would make Connecticut's current challenges even more formidable, and efforts to address them more challenging:

- Initiatives to increase the state's share of education funding and decrease reliance on property taxes would be undermined by major federal cuts in K-12 education and vocational and adult education.

- Proposals to increase investments in preschool and child care would be undercut by the President's reductions in Head Start and child care funding.
- The growing need for heating fuel assistance would be exacerbated by the President's cuts in low-income energy assistance funds.

Some programs that help large numbers of Connecticut residents would be eliminated entirely under the President's proposed budget. Other programs would be cut deeply over the next five years. For example, according to a report released today by the Center on Budget and Policy Priorities, the budget would have the following impact on Connecticut:

- Cut Connecticut's **K-12 education funding** by \$73.5 million (3.9%) over the next five years (2008-2012). In 2012, the funding would be 16% below the 2003 level, adjusted for inflation. The President's proposals would take back much of the additional funding Congress provided to help states implement the federal No Child Left Behind law.
- Cut funding for Connecticut's **vocational and adult education** programs by \$36.3 million over 5 years, a 43% cut.
- Cut Connecticut's **child care** funding by \$3.2 million over the next five years, a 4% reduction over this period. Federal child care funding has fallen well below its levels in 2002 (after adjusting for inflation). Under the President's budget, this problem would worsen, and Connecticut would receive 16% less funding in 2008 than in 2002. Even before these cuts, many children eligible for child care assistance under federal rules did not receive it due to funding shortages. The proposed cuts would only worsen this problem for the state's working families.
- Slice Connecticut's **Head Start** funding by \$1.8 million next year (3%) and by \$19.1 million over the next five years (7%). These cuts would come on top of cuts already made to the program. Under the President's budget, funding in 2008 would be 11% lower than in 2002. Faced with these funding cuts, Connecticut's Head Start programs have several choices. They can serve fewer children, cut back on teachers' salaries, classroom materials, and the specialized services they provide to children in their programs, or they can try to raise money from other sources. If Head Start programs in Connecticut continue to spend the same amount per child as they spent in 2002 (adjusted for inflation), the federal funding the state would receive in 2008 would serve 800 fewer children than we would serve if funding had kept pace with inflation since 2002.
- Cut Connecticut's funding for **low-income energy assistance** by \$7.8 million (19%) next year, and by \$45 million over the next five years (21%). The Low-Income Home Energy Assistance Program (LIHEAP) provides funding to states to help vulnerable households pay their home heating and air conditioning bills. Most households that receive LIHEAP include someone who is elderly or a person with disabilities. The increase in energy prices over the past few years has made LIHEAP more important than ever. Despite this pressing need, the President's budget could mean that **11,900 fewer Connecticut residents** would receive energy assistance next year.
- Sharply pare back Connecticut's federal funding for **clean and safe drinking water** by \$5.4 million (22%) next year and by \$31.7 million over the next five years (a loss of 25%). Some

of the biggest cuts in the President's budget would come in environmental programs. For example, EPA provides resources to states for sewage treatment plants and clean drinking water; wastewater infrastructure projects would be cut significantly. Under the budget, these grants would be 40% percent smaller in 2008 than in 2001, after adjusting for inflation.

- Reduce Connecticut's **community development funding** by 8.5 million (21%) next year and \$50.7 million (25%) over the next five years. The Community Development Block Grant (CDBG) helps fund a broad range of community development activities in Connecticut and other states, including housing and homelessness programs, improvements to public facilities such as senior and youth centers, and economic development. These grants have already been dramatically reduced in previous years; under the President's budget Connecticut would receive 43% less in 2008 than in 2001 (adjusted for inflation).
- Reduce funding for Connecticut's **WIC nutrition program** (the Special Supplemental Nutrition Program for Women, Infants, and Children) by \$4.4 million over five years (2.3%), which would mean **2,100 fewer people could be served in 2012**.
- Completely eliminate a set of grants that assist **state and local law enforcement**, a loss of \$6.4 million in 2008 and \$33 million over five years. The budget would replace the Justice Assistance Grant (which supports a wide range of law enforcement activities, including crime prevention and corrections) and the State Criminal Alien Assistance Program (which helps offset the cost of incarcerating undocumented immigrants), along with several related programs, with two much smaller competitive grant programs. The new programs would receive only about *half* the funding of the programs they replace, and while some states would qualify for funding under the new programs, there is no way to know how the funds would be distributed.
- Slash funding for the **Public Housing Capital Fund** by \$6.4 million in 2008 (19%) and \$34.1 million (19%) over five years. These funds help local housing agencies to repair, modernize and replace public housing units.
- Completely eliminate **Community Services Block Grant** funding next year, a loss of \$7.7 million in 2008 and \$40 million over five years. CSBG Funds community action agencies across the country. These agencies provide a myriad of services, including child care, housing assistance, food assistance, domestic violence-related services, legal assistance, and other services.
- Cut funds for **Social Services Block Grants** by \$6 million in 2008, or 29%. These grants fund a broad range of services, including services for people with disabilities, abused and neglected children, and seniors.

(Except where comparisons to earlier years are noted, all cuts are compared to 2007 funding levels, adjusted for inflation. Five year cuts reflect the cumulative cuts for that five year period.)

Overall, the President's budget would shift billions of dollars in costs on to Connecticut and other states, forcing them either to raise taxes to compensate for the lost federal funds or scale back key public services. Moreover, even as it "passed the buck" to states, the budget would

worsen the federal government's budgetary situation, because the tax cuts would cost much more than the program cuts would save.

In addition to the proposals in the President's budget, Congress faces important decisions this year about other programs as well. The Food Stamp Program and the State Children's Health Insurance Program (SCHIP) are both up for renewal in 2007, and Connecticut Voices for Children has urged Congress to strengthen these highly successful programs so they can help more of those who need it. While food stamps have made major inroads against hunger and malnutrition in this country, food stamp benefits often are not enough for a family to afford a nutritious diet, and many people who need help are not eligible. Similarly, while SCHIP has helped reduce the share of low-income children who are uninsured, Connecticut will need additional funds in coming years to maintain HUSKY, the state's SCHIP program, and cover more of the uninsured.

"The combination of huge tax cuts for the wealthy and cuts to programs that benefit so many of us will lead to a growing federal deficit and a lower quality of life for Connecticut's children and families," said Mary Glassman, Director of Legislative Affairs at Connecticut Voices for Children. "It's time for Congress and the Administration to set a new course. We need a balanced approach that charts a more fiscally responsible course than the President has laid out."

The report was released by the Center on Budget and Policy Priorities, a Washington DC-based, nonprofit, nonpartisan research organization and policy institute that conducts research and analysis on a range of government policies and programs (www.cbpp.org), in partnership with Connecticut Voices for Children, a statewide, research-based policy and advocacy organization for children and families (www.ctkidslink.org).

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