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BUSH ADMINISTRATION WAGES BUDGET WAR AGAINST POOR CHILDREN

Budget Dismantles, Weakens and Cuts Services for Disadvantaged Children and Youths

At the same time that the Bush Administration's budget singles out the rich for massive new tax breaks, the budget singles out programs for disadvantaged children and youths for budget cutbacks and freezes. Preying on the most vulnerable, the Bush Administration's budget dismantles, weakens and cuts a range of essential children's services including Head Start, Medicaid, child care, education and training, nutrition assistance, and youth services.

The examples below reveal the Administration's hollow rhetoric about leaving no child behind and indicate a clear disregard for the needs of America's children and youths. The Bush Administration's 2004 Budget:

Dismantles core services for low income children and families under the guise of state flexibility

- **Head Start**, the premier early childhood program for disadvantaged preschoolers, would be dismantled and sent to the states under the Bush Administration's budget – without the performance standards that are the core of the program's success. The Administration's untested experiment gambles with the future of nearly 1 million children. Further, the FY 2004 funding for Head Start barely covers the cost of inflation.
- Comprehensive health care services for low-income children will be jeopardized by the Bush Administration's radical plan to merge the **Children's Health Insurance Program (CHIP)** and **Medicaid** into a new block grant. The plan will give states unprecedented latitude to scale back coverage of necessary health care for children and to impose substantial cost-sharing requirements on low-income families that could restrict their access to care.
- The Bush Administration's budget also proposes to turn the **Section 8 housing** voucher program into a block grant administered by the states. Further, the Administration would impose new program requirements that states charge a minimum of \$50 a month for rent, no matter how low the family's income. In a sign that the Administration uses state flexibility as a guise for cutbacks, states would be denied the flexibility to exempt families from the new minimum charge, and would instead be required to get approval from Washington to do so.

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- The Bush Administration also proposes to block grant **foster care** in order to give states increased flexibility to invest in alternative prevention services. In this case, the Administration claims to be maintaining core protections and accountability procedures for vulnerable children, but few details are available. Without increased resources, strong protections, a guarantee of a safe home, and a clear commitment to respond when foster care caseloads escalate, children could be harmed by such a proposal.

Starves key services for children

- **Child care services** for low income children would be frozen in place for another five years. While only one in seven children eligible for federal child care assistance currently gets it, this funding freeze will cause approximately 30,000 low income children to lose child care help in FY 2004. Further, the Bush Administration's budget acknowledges it would drop at least 200,000 children from child care over the next five years. These cutbacks are on top of the 30,000 children who will be dropped from child care in FY 2003 as a result of the across-the-board cuts in federal spending for child care and other children's services.
- **After-school services** for children and youth would be cut by nearly \$400 million in FY 2004 – requiring school and community groups to drop approximately 570,000 children from after-school activities under the 21st Century Community Learning Centers Program next year. The Administration's budget for this program is more than \$1 billion *below* the level promised in the President's No Child Left Behind education bill. The Administration offers this proposal at a time when 7 million children are left home alone and unsupervised on a regular basis – often during after school hours when youths are at greatest risk of substance abuse and juvenile crime.
- Ignoring the fact that the number of children and families in the Temporary Assistance for Needy Families (TANF) program in the states has started to rise, the Administration once again proposes no new funding for **welfare-to-work services** while increasing the required hours of work and the proportion of parents who must participate.
- **Even Start**, which provides literacy help to at-risk children and families, is cut by \$75 million, while **Individuals with Disabilities Education Act** (IDEA) pre-school grants for children with disabilities are frozen.
- The Bush budget also fails to restore \$1.2 billion of the **CHIP** funds that expired from the program at the end of FY 2002 and are needed to prevent states from dropping children from CHIP in the future.

Ignores earlier promises to children

- The Bush Administration budget requests far less than needed to effectively implement the President's underfunded **No Child Left Behind Act**. For example, the budget falls \$6.15 billion short of the \$18.5 billion planned for Title I of the Elementary and Secondary

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Education Act under the President's education bill. Title I is the largest source of federal education aid to disadvantaged youth and was the centerpiece of the President's education reform program.

- The Administration's budget also cuts \$81 million from programs to improve state and local **teacher quality** despite the fact that teacher quality is perhaps the single most important factor in closing the achievement gap between low and high income children – a stated goal of the President's education reform plan. Students in low income, high minority schools are consistently served by unqualified or underqualified teachers.

Puts hurdles in the way of families getting help

- The Bush Administration's budget proposes to increase the documentation required to enroll certain children in the free or reduced price **School Lunch** and **School Breakfast programs**. It will make it harder for many children in low income working families who are not eligible for **TANF** or Food Stamps to get nutritious meals at school. National school lunch studies in the past have found that three-quarters of families that did not respond to requests for documentation were indeed eligible.
- The Internal Revenue Service would single out some low-income families and require them to provide additional documentation in order to receive the **Earned Income Tax Credit** (EITC). Extra documentation requirements may deter many of these families from getting the EITC help for which they are eligible.

Gives with one hand and takes away with the other

- President Bush announced in his State of the Union Address that he was providing \$450 million for **mentors for junior high school students and children whose parents are incarcerated** – a laudable goal. In fact, the budget provides only \$150 million. And the President did not mention that he also proposes to eliminate a number of programs now reaching some of these very same children.
- **The Elementary and Secondary School Counseling Program and the Dropout Prevention Program** would be eliminated and the grant program to help migrant students get high school diplomas or equivalency degrees is cut by over 40 percent. A \$50 million cut is proposed for the **State Safe and Drug Free Schools** program.
- The Bush Administration budget also eliminates the **Juvenile Accountability Incentive Block Grant** which has provided funds to rehabilitate juvenile offenders. With bipartisan support, Congress acted to significantly strengthen this program last year.

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Lavishes riches on the wealthy while starving child investments

- The Bush Administration's budget moves revenues into the pockets of the richest Americans and away from a broad range of services and supports for low- and moderate-income working families. New tax cuts come on top of the \$1.3 trillion tax cut enacted in 2001 (which will provide 52 percent of its benefits to the top one percent of taxpayers with average incomes over a million dollars when fully phased in). The 2004 budget includes a new round of tax cuts totaling a whopping \$1.5 trillion over the next 10 years. Just a few of the new tax cut provisions will give the richest one percent of Americans an average of \$30,000 each. On the other hand, a person in the bottom fifth of taxpayers will get only \$6 from the same set of tax cuts.

Exacerbates the state fiscal crisis

- The fiscal crisis facing states is severe. States are seeing deeper deficits than they have for at least 50 years. Analysts predict that budget shortfalls could total between \$70 and \$85 billion for fiscal year 2004 – representing between 14.5 percent and 18 percent of all state expenditures. Among other causes of this crisis, 43 states made large tax cuts between 1994 and 2001, resulting in a \$40 billion annual net loss of state tax revenue.
- Because of linkages between federal and state taxes, federal tax cuts have added to the loss of state revenue. The Administration's proposal to eliminate personal income taxation on dividends, for example, would make things worse by reducing state revenues by \$23 billion over the next five years.
- Federal budget cutbacks exacerbate state reductions in children's services. States already have been forced to cut back funding for child care assistance, while the need for services and waiting lists grow. State reductions in Medicaid also are placing both children and adults in peril, and the safety valve provided by federal dollars in the past will not be available. Although the proposed **Medicaid-CHIP** block grant will provide states with increased funding in the initial years, funds will decrease in later years and leave states with a permanent cap on federal aid.

Mortgages America's future

- The Bush Administration's budget worsens the federal budget deficit, greatly increases the nation's debt, and passes the mortgage onto the next generation. The Bush Administration cuts back on the very investments that help children grow into strong, productive and prosperous adults, yet pursues tax policies and budget choices that will saddle these same children with mountains of debt and higher taxes. The Concord Coalition, a group of respected economists and national leaders, recently asked: "Are we really cutting taxes or just raising them on our kids?"