



**ROBIN HOOD IN REVERSE:  
BUSH ADMINISTRATION BUDGET CHOICES  
TAKE FROM POOR CHILDREN TO GIVE TO THE RICH**

The Bush Administration's fiscal year 2005 budget puts millions of dollars in the pockets of wealthy Americans, while putting millions of children at risk. The President's budget continues to help the rich with permanent tax cuts and eliminates or severely cuts more than 160 programs — many of which serve our nation's children with the greatest needs.

Traditionally, Presidents have submitted budgets that project the results of their choices 10 years into the future. President Bush has chosen to show only five years of impact in his budget proposal, which hides the true cost of his spending choices. Because the Bush Administration's budget stops at 2009, it does not include the effects of extending the tax cuts set to expire in 2010. The budget also hides other costs, such as any future expenses for the occupation of Iraq and Afghanistan. The Director of the Office of Management and Budget already has made it clear that the Bush Administration will need to request as much as \$50 billion more for these costs this year, but plans to delay that request until after the November elections. Avoiding these problems may seem convenient now, but our children will not be able to avoid dealing with the problems this budget creates.

Every parent knows that children are a gift we are entrusted with in exchange for a commitment to put their well-being above all else. It is our covenant to meet our children's needs before our own and to work and plan so that they may have a better future. The Bush Administration's budget proposal breaks that covenant by prioritizing tax cuts for the wealthy over investments for our children, by growing deficits that mortgage our children's future, and by cutting funds for those most in need. A budget is not simply a spending plan, it is a statement of values and priorities. For less than one-third the cost of the Bush Administration's proposal to make tax cuts permanent, we could insure all nine million uninsured children in the U.S., make sure children enter school ready to learn by offering Head Start to every eligible child, *and* pay the salaries of an additional 100,000 school teachers to reduce class sizes. No document demonstrates more starkly than the Bush Administration's budget that America does not have a resources problem, it has a priorities problem.

The first part of this report shows how the President's budget gives more money to the rich by expanding tax cuts and placing spending caps on discretionary programs, as well as affecting state budget choices with spending freezes, program cuts and tax code changes. The second part shows how the budget ignores some of our children's most basic needs, cuts necessary resources for low-income working families, leaves children behind by underfunding key services (including our public schools), and fails young people at critical junctures in their lives. Spending choices that "take from the poor" are exacerbated by the Bush Administration's proposal to block grant numerous programs vital to the well-being of millions of children, including their early education and housing needs.

## THE BUSH ADMINISTRATION BUDGET GIVES MORE MONEY TO THE RICH

The Bush Administration's budget plays "Robin Hood in reverse" by taking money from programs that serve the most basic needs of children while giving more money to the rich. Permanent tax cuts for the wealthy will come at the expense of our children.

### Expanding Tax Cuts

The Bush Administration's \$350 billion tax break passed in 2003 lavished an average of \$93,500 on each American millionaire but gave only \$217 to the average middle-income American. While millionaires receive these giveaways from the government, the hard-working parents of 12 million children receive nothing because Congress and the Bush Administration refused to extend tax relief to them. Even 260,000 children of active-duty service members were excluded. Rather than correcting these inequities, the budget proposes to exacerbate them by making the tax cuts permanent.

For **\$181,700** (the amount that permanent Bush tax cuts would eventually give to each individual millionaire on average in one year), America could provide:

- After-school programs for 208 children, or
- health insurance for 74 uninsured children, or
- youth jobs for 50 disadvantaged youth, or
- child care assistance for 49 children of working parents, or
- Head Start for 22 preschoolers, or
- affordable housing for 22 low-income families.

### Mortgaging Our Children's Future

During the President's State of the Union address this year, he declared that his budget proposal would cut the deficit in half over the next five years. Since President Bush took office, a \$280 billion surplus has been turned into a record \$374 billion deficit. Even if the debt stops growing right now, today's children will inherit a debt of \$6 trillion. The recent tax cuts alone, if made permanent as the budget proposes, would add \$4.2 trillion to the debt; that's more than \$13,000 of new debt for every American man, woman, and child. By ignoring these additional costs until after additional tax cuts are locked in, the budget proposal will increase the bill our children will have to pay down the road.

### Rewarding the Rich with New Budget Rules

The Bush Administration's budget proposal also includes a plan to stack the deck in favor of the rich by changing the fundamental budget rules Congress must follow. The new rules would impose a number of new limits on federal spending, but would *exempt tax cuts* from these limits. Meanwhile there would be new caps on federal discretionary spending for programs such as education, child care, and Head Start — and any new spending on entitlement programs (Social Security, Medicaid, food stamps) would have to be paid for by cuts in other entitlement programs. Tax cuts, however, would be treated differently. Tax cuts would not be capped and

would not have to be paid for in any way — marking a clear departure from past attempts to enforce budget discipline. In a move worthy of Enron, Congressional accountants would be ordered *not to count* the cost of the Administration's plan to permanently extend tax cuts for the rich when estimating the cost of the President's budget proposal.

### **Squeezing State Budgets**

To make room for expanding tax cuts, the Bush Administration's proposed budget would squeeze state budgets through its spending freezes, program cuts, and changes to the tax code that affect state revenue. According to the Center on Budget and Policy Priorities, after adjusting for inflation and population changes, the value of grants to states to help pay for all programs other than Medicaid would decline by \$6 billion, or 3.5 percent. Simultaneously, this budget includes multiple block grant proposals that undermine guarantees of critical services for needy children and abdicate the federal government's long-established role of ensuring opportunity and equity for our citizens in favor of passing responsibility (and related costs) to the states. These changes are being proposed at a time when many states already have cut services to address budget deficits of nearly \$200 million over the past three years and are facing additional budget deficits of about \$40 billion in fiscal year 2005. State deficits clearly are taking a toll on children, as funding for important services is being slashed in attempts to balance state budgets. For example, states are cutting millions of dollars from their child care programs, including \$165 million in cuts in California last year, \$126 million in Ohio, \$25.4 million in Maryland, and \$10 million in Georgia; yet the President's budget provides no increase in child care funding.

## **THE BUSH ADMINISTRATION BUDGET TAKES FROM THE POOR**

Throughout the Bush Administration's budget proposal, there are numerous examples of programs being cut or severely underfunded. Many of these are critical to meeting the needs of America's children and lifting families out of poverty. The number of poor children in America has risen to 12.1 million, with three out of four poor children living in working families. America's children are more likely to be poor than any other age group of Americans and more likely to be poor than a child in Britain, Canada, Spain, or any other wealthy industrialized nation. Black children are more than twice as likely as White children to be poor. The proposals in the President's budget will continue to leave millions of children and their families behind.

### **Failing to Meet Children's Basic Needs**

The choices in the Bush Administration's budget show why America fails to address the basic needs of children for health care, child care, housing, child nutrition, and protection from child abuse and neglect.

- The number of Americans without health insurance increased by 2.4 million between 2001 and 2002, the largest jump in a decade, to a total of almost 44 million. Among the 44 million are more than nine million children under age 19, almost 90 percent of them living in working families. However, the Administration's budget does nothing to significantly expand health insurance coverage. The proposals in the budget, including a modest tax credit for

purchase of insurance in the individual market and a deduction for premiums paid for a catastrophic coverage plan linked to a health savings account (HSA), would do little or nothing to help the uninsured. The tax credit would, in many cases, cover only a small fraction of the premium for a policy purchased in the individual market — and these policies tend to be more expensive and offer more limited benefits than employer-provided coverage. Many of the uninsured cannot afford to contribute \$1,000 to \$5,000 per year to an HSA to cover deductibles under catastrophic coverage plans.

- Despite the recommendations of the President's New Freedom Commission on Mental Health calling for a fundamental overhaul of the delivery of mental health services (with special attention to children with serious emotional disturbances), the President's budget includes only a \$4 million in increase in the Children's Mental Health Services Grant Program and an overall \$51 million increase in mental health funding.
- Despite the fact that only one out of seven eligible children currently receives a child care subsidy, this budget flat funds child care assistance. Over the past year, states have made drastic cuts to child care services due to state budget crises that are exacerbated by recent tax cuts. More than 550,000 children across the country are on waiting lists for child care assistance. This number underestimates the true number of children turned away, since many states do not maintain waiting lists. Furthermore, many families are discouraged from applying for assistance because of these long lists or are not even aware that they are eligible for help.
- The President's budget cuts Section 8 housing assistance by \$789 million, intensifying the unmet need for affordable housing. Of the two million households that receive Section 8 rental vouchers, 52 percent are families with children, making Section 8 the main source of housing assistance for low-income children. Under current funding levels, only about one-fourth of eligible households receive vouchers, leaving three out of four to struggle with the high costs of housing. According to a survey by the U.S. Conference of Mayors, emergency shelter assistance increased by an average of 13 percent in the 25 cities surveyed in 2003. Of the 25 cities, 80 percent expect requests for shelter by homeless families with children to increase. Families with children comprise 40 percent of the homeless population, and unaccompanied youths make up five percent.
- The budget proposal virtually freezes Head Start funding even though the program currently only reaches three out of five eligible preschoolers and only 3 percent of infants and toddlers eligible for Early Head Start. The funding requested for Head Start would barely cover the rising costs of the program, and the Administration's budget proposes spending \$45 million on a demonstration project to block grant Head Start to the states. This amount could pay for Head Start services for over 5,000 additional children.
- The Bush Administration's budget provides no significant increase in funding for child nutrition programs, while 22 million children live in households suffering from hunger or living on the very edge of hunger. All around the country, food banks are reporting growing demand. In a recent national survey, America's Second Harvest found that their food bank

network of emergency food providers served 23 million people in a year (9 percent more than were served in 1997), and more than nine million of those served were children.

- More than 900,000 children were abused and neglected in 2001, yet the investments proposed for preventing child abuse and neglect and assisting children and families in crisis, totaling \$151 million, fall far short of the need. The National Child Abuse Coalition estimates a \$13 billion shortfall in child abuse-prevention funding.

### **Taking from America's Working Families**

As shown below, the Bush Administration's proposals will make it even harder for America's low-income working families, who are already struggling to make ends meet.

- The Bush Administration's budget cuts the Department of Housing and Urban Development's Section 8 rental voucher program to \$18.5 billion. Although the dollar amount cut is \$789 million, because of rising costs, this actually represents a cut of \$1.75 billion from the amount needed to keep serving currently assisted families (according to the Center on Budget and Policy Priorities). As a result, as many as 150,000 families with children will be denied Section 8 vouchers at a time when housing costs have risen significantly. From 2000 to 2002, rent and utility costs rose by 8.5 percent. At the same time, average income among the bottom fifth of households fell by 1.6 percent.
- By the Bush Administration's own estimates, their budget would slash at least 200,000 children from the child care rolls by 2009, neglecting the child care needs of low-income working parents. The President's budget proposal last year resulted in at least 100,000 children losing assistance, for a total of 300,000 children cut off as a result of bad budget choices. Furthermore, there is significant evidence that the assessments produced by the White House underestimate the number of children who will lose child care assistance. The Center for Law and Social Policy and the Center on Budget and Policy Priorities estimate that as many as 447,000 children stand to lose child care assistance by 2009, based on the Bush budget's proposed funding levels.
- The Bush Administration is flat funding Temporary Assistance to Needy Families at a time when needs are rising. In the last three years, the number of jobless parents has risen by nearly two million, and the number of parents unemployed longer than six months has tripled. Moreover, the failure of Congress to renew emergency extended unemployment compensation meant that record numbers of jobless workers ran out of unemployment benefits in January.
- The Bush Administration's budget funds after-school programs at only half the \$2 billion promised in the President's education reform law. Proposed level-funding at \$999 million leaves behind 1.32 million children who should receive after-school services. Every afternoon, the parents of as many as 15 million boys and girls worry that their children have nowhere to go for safe, educational, adult-supervised activities. These hours between the

school bell and the dinner bell are when children are most likely to be using illegal substances or to become victims of violent crime.

### **Leaving Children Behind**

Currently, we spend 2.8 cents of every federal dollar on education. The examples below do not increase this shocking figure; rather, they show how the Bush Administration's budget will continue to leave children behind in a school system that is failing them.

- The Bush Administration's budget proposes the smallest increase for education since fiscal year 1996. Total discretionary spending for education would rise only three percent, or \$1.68 billion, from \$55.67 billion to \$57.34 billion at a time when schools throughout the country are struggling to meet the mandates of the President's education reform bill, the No Child Left Behind Act (NCLB).
- The Bush budget underfunds NCLB by \$9.4 billion, leaving millions of children behind. Programs in NCLB are funded at \$24.91 billion, an increase of only \$448 million, or 1.8 percent, while mandates, standards, and tough accountability are taking hold across the country. The lack of funding to turn these mandates into real reforms will only make things worse in a school system that is already failing too many children.
- The Bush Administration's funding for education under Title I (education for disadvantaged children) is \$7.1 billion below what is promised in the President's own education bill, leaving 2.4 million children behind. Funding for special education under the Individuals with Disabilities Education Act increases by \$1 billion in the Bush Administration's budget, but that is still less than half the level that Congress committed to paying when the legislation was adopted almost 30 years ago. Support for children in military families through Impact Aid would be frozen at \$1.2 billion, at a time when schools serving these children report increasing needs for services like counseling and after-school care because of military deployments in Iraq and Afghanistan. Furthermore, 38 programs totaling \$1.4 billion have been slashed from the Administration's education budget. Many of these programs are essential to helping young people succeed in school by providing school counselors, focusing on dropout prevention, reducing alcohol abuse, and creating more individually focused learning environments.
- The Bush budget includes \$50 million for a new "Choice Incentive Fund" that could be used for private school vouchers (in addition to the \$14 million included in the District of Columbia budget for a private school voucher program). Public funds should be used to support our public schools — schools that educate 90 percent of America's children and are accountable to the public for results and fiscal management. While private schools play a valuable role, it is wrong to send scarce public dollars to private schools that can choose which children to serve. Many private schools are unprepared or unwilling to handle students with special needs such as disabilities, limited English proficiency, or extreme poverty, while public schools must accept and educate all students. Vouchers also are likely to leave already struggling public schools with less funding and a higher proportion of students with special

needs. Instead of subsidizing private schools, this \$50 million could provide after-school programs for more than 65,000 children in need, and by including the additional \$14 million for vouchers in the District of Columbia, after-school programs could be provided for 85,000 children.

### **Letting Our Children Fall Through the Cracks**

By failing to invest in families in crisis and juvenile services, the Bush Administration's budget fails young people at critical junctures in their lives. The “school to prison pipeline” currently is destroying the lives of young people who have no positive options. Instead of investing in prevention and support programs, this budget takes the shortsighted approach of fueling a fast-track to failure, delinquency, and detention in a juvenile justice system that is funded to prosecute — but not prevent — juvenile crime.

- The Bush Administration’s budget proposes an overall 41 percent decrease in funding for juvenile justice programs (a total of \$127.4 million in cuts), including a \$3.2 million cut in funding for the Office of Juvenile Justice and Delinquency Prevention (OJJDP). OJJDP’s mission is “to provide national leadership, coordination, and resources to prevent and respond to juvenile delinquency and victimization. OJJDP supports states and communities in their efforts to develop and implement effective and coordinated prevention and intervention programs and to improve the juvenile justice system so that it protects public safety, holds offenders accountable, and provides treatment and rehabilitative services tailored to the needs of juveniles and their families.” The President’s proposed budget devotes a total of \$350,000 to OJJDP management and administration, down from \$3.6 million in fiscal year 2004 and \$6.8 million in fiscal year 2003. This is a radical change in funding priorities within the Justice Department. Overall, the juvenile justice program cuts represent a highly regressive and dangerous shift in public policy. This shift turns away from prevention and intervention strategies and toward an approach that focuses on prosecution but does nothing to offer youths the chance to trade destructive behaviors for education, opportunity, and a future of productive contribution to our society.
- The Juvenile Accountability Block Grant (JABG) program, which is authorized for \$350 million for 2005, has been eliminated in the proposed budget. JABG supports state and local programs that hold juvenile offenders accountable while also helping youths acquire skills to succeed. In addition to programs promoting greater accountability in youth and juvenile programs, JABG programs include: counseling, restitution, drug courts (touted by judges and law enforcement alike), community service, establishment or expansion of substance abuse programs, and mental health screening and treatment. JABG provides much-needed resources for strategies that are proven to reduce juvenile delinquency. JABG was the largest single stream of juvenile justice funding at one time; funded at \$249 million in 2002, but systematically cut since then. The result of these cuts is that effective interventions, such as the Multi-Systemic Therapy program — which reduces rates of re-arrest by as much as 70 percent and has demonstrated a net savings to taxpayers of \$32,000 per juvenile treated — is serving less than 10 percent of the youths who could benefit from it. The Juvenile Delinquency Prevention Block Grant Program also is significantly underfunded at a proposed \$39 million. Services funded by these programs can mean the difference between the ability

to stay connected to school and community or be dragged down into delinquency and the juvenile justice system.

- The Title V Local Delinquency Prevention program is less than half of the 2004 level, a cut of \$43 million. Title V provides states with matching funds for collaborative, comprehensive, community-based delinquency prevention efforts, including early childhood development, nurse home-visiting, after-school activities, mentoring and tutoring, as well as drop-out, gang, and substance abuse prevention. The Administration's proposed budget sends a clear and consistent message that it is not willing to invest in positive and effective programs that actually prevent delinquency.
- The Bush Administration's budget would continue to deny many grandparents and other relatives struggling to care for children who have been abused or neglected access to the benefits of the federal foster care program, despite a recent federal appeals court ruling to the contrary. It is likely that tens of thousands of children in these kinship care families otherwise would benefit from the program in the next five years. Denying them support will only increase the high hurdles these children already face.
- Research tells us that child abuse prevention helps to avert school failure and to fight crime. The budget adds \$101 million for the Promoting Safe and Stable Families Program, which would bring total funding for the program to \$505 million. The President promised this increase in his 2000 presidential campaign, but to date the program has seen funding rise by less than \$100 million. The increases are needed to support families and prevent child abuse and neglect, offer intensive services to families in crisis, and promote and support adoptions and post-adoption services to ensure children remain with their new families.
- The Bush Administration's budget also cuts support for vocational and technical education by more than 20 percent (\$316 million). This cut could keep thousands of students from developing critical job skills that would allow them to graduate from high school prepared for success. Furthermore, under the budget, the maximum Pell Grant award would be frozen at \$4,050. Because of rapidly rising tuition, this covers only 34 percent of the average annual cost of attending college (down from 42 percent in 2001), making college unaffordable for thousands of students. Without hope for good jobs and the opportunity to be productive members of society, young people may make poor choices that will cost all of us more in the long run.

### **Backing Away from the Federal Responsibility to Children and Families**

The Bush Administration's budget continues to use state flexibility as a guise to weaken core protections for poor children and working families. For example, block grant proposals for the Head Start program and Section 8 rental assistance vouchers could deny children the early educational opportunities they need, as well as leave children and families without a decent home.



- *Head Start:* The Bush Administration’s budget proposal touts the virtues of early learning and asserts that it wishes to strengthen Head Start, yet that same budget continues to support plans that could undermine the success of Head Start. The funding requested for Head Start would barely cover the rising costs of the program, and the Administration would put valuable and scarce resources (\$45 million) towards funding a demonstration project to block grant Head Start. Providing no new significant funding and giving states control over Head Start programs will dilute the quality performance standards and comprehensive services that have been the hallmark of Head Start and could jeopardize the futures of the nearly one million children who currently participate in the program. Block granting Head Start to the states, without performance standards and without additional funding, will not improve services for poor children and families. The average quality rating of Head Start programs was higher than that of other early care and education programs, but without federal performance standards, there would be no guarantees that this level of quality would be maintained. Many states have not demonstrated a commitment to strong standards in their programs for young children. For example, 30 states allow teachers in child care centers to begin working with children without receiving any training in early childhood development. Improving the quality of Head Start and expanding its enrollment is the fastest and most efficient way to ensure that our poorest children enter school ready to succeed. We must not dismantle the program and leave the fate of these children to states struggling with staggering budget deficits.
- *Child Welfare:* The Bush Administration budget again proposes a foster care block grant. Its Child Welfare Program Option Proposal would allow states to block grant their foster care room and board and training dollars in exchange for giving up the guaranteed federal funding now provided for each eligible child in foster care. The Administration describes the capped block grant as a prevention and family support initiative, but states would have to reduce spending for foster care before they would be able to re-invest these dollars in prevention or other needed services such as substance abuse and mental health treatment.
- *Housing:* The President’s budget proposes to further weaken the Section 8 voucher program by effectively block granting it to the Public Housing Authorities (PHAs), giving them flexibility to set rents and decide who receives vouchers. This would dismantle current federal targeting and affordability standards that ensure that 75 percent of all new vouchers go to the lowest-income households and that families spend no more than 30 percent of their income on rent. This change could result in some low-income families being shut out of the Section 8 program and other families in the program having to pay a greater portion of their income for rent. The Bush Administration’s proposal could make “affordable housing” unaffordable for millions of families.
- *Children’s Health:* The budget shows that the Bush Administration remains committed to giving states the option of receiving their Medicaid and CHIP funds in the form of a combined block grant, thereby limiting or capping their allotment. Children in states that elect the block grant could lose benefits currently guaranteed. A block grant also would starve states of the federal matching funds they need to expand health coverage, especially coverage for working families. Health insurance for four million children (most in low-

income working families) and over seven million working parents and poor elderly and disabled would be put at risk by a capped allotment. For example, if the number of mandatory Medicaid beneficiaries rose unexpectedly due to a recession or natural disaster, a state might drop some children entirely in order to devote limited funds to meeting the increased demand.

### **Neglecting Children's Security**

Homeland security is critical, but security must mean more than military spending. For millions of America's children, home is not a secure place to be. In the face of the needs and cuts discussed in this report, the Bush Administration's budget proposed more than \$450 billion for military spending for fiscal year 2005.

- The Bush Administration's budget proposes over \$14,000 in military spending every second. Every 18 seconds a child is reported abused or neglected in America. Every 40 seconds a baby is born into poverty in our country.
- The Bush Administration's budget proposes over \$850,000 in military spending every minute. Every minute a baby is born to a teen mother. Every four minutes a baby is born to a mother who received late or no prenatal care.
- The Bush Administration's budget proposes over \$50 million in military spending every hour. Every hour a young person under 25 years old is killed by a firearm. Every five hours a child or teen commits suicide.
- The Bush Administration's budget proposes over \$1.2 billion in military spending every day. Every day in America a baby is murdered.