

Bush “Stimulus” Plan:

Takes from Maine, and Doesn't Give Back

The President's “Economic Stimulus” proposal:

! Reduces Maine state revenues by almost \$40 million per year (because Maine tax code is linked to federal tax code), including

- \$22 million because of elimination of tax on dividends
- \$15 million for acceleration of marriage penalty provision
- \$2 million from small business tax deductions

! Provides **NO aid to Maine** for Medicaid, homeland security, infrastructure

! (In addition, Bush's 2001 tax cut will drain \$10 million from Maine revenues in FY2003, and \$166 million total by FY2007)

Democratic Economic Stimulus Proposal:

! Provides \$31 billion in aid to states suffering budget crises, including

- \$10 million in grants for unmet homeland security needs
- \$10 billion in federal aid for state Medicaid programs
- \$5 billion in highway and transportation infrastructure aid
- \$6 billion in help for the unemployed

Paying for Education:

Maine property taxpayers shouldering more of the education burden as federal policies impose mandates, shortchange funding

Special Education – The federal government promised to pay 40 percent of states’ overall special education costs, but has never provided more than 18 percent. This goal requires more than \$10 billion more a year in federal aid to states for special education, or more than \$100 billion over 10 years. The Bush Administration has argued this money isn’t available, even as it presses \$674 billion in tax breaks for the wealthy.

Leave No Child Behind Act – The failure of the Bush Administration and Congress to provide necessary funding for the landmark education reform bill enacted a year ago is creating headaches for Maine educators as they seek to implement the requirements of the Act. The Bush Administration’s budget falls \$7 billion short of the resources promised in the Act, and cuts funding for No Child Left Behind initiatives by \$90 million.

Property taxes in Maine – Property taxes have been rising sharply in many Maine localities, driven in large part because local property taxes now provide the bulk of revenues (60 percent) for education spending in Maine. An increase in promised federal education aid would help offset the rise in Maine property taxes.

Medicaid and Medicare

Rising health costs are increasingly shouldered by Maine agencies and providers, as pleas for federal help to states are ignored in Washington

Medicaid crunch -- Health care spending is about 30 percent of Maine's state budget and rising rapidly. State health care costs go up as the economy goes down. Growing unemployment results in more people without health insurance, thus increasing Medicaid rolls. States and the federal government share costs under Medicaid. Without federal help, Maine is forced either to spend more on Medicaid services or serve fewer patients.

-- A bipartisan effort in Congress to provide \$9 billion in immediate relief to state Medicaid programs passed the Senate in July 2002, but was blocked by the House Republican Leadership and opposed by the Bush Administration.

Medicare reimbursement – On January 1, Medicare reimbursements to doctors in Maine (and around the country) federal payments were reduced by 5.4 percent. On March 1, an additional cut of nearly 4 percent is expected to be imposed not only on doctors, but on optometrists, nurse practitioners, therapists and others. Many physicians are dropping patients or leaving practice. Because Maine's population is older, and more rural, the decrease in physician reimbursement is particularly devastating.

-- Bipartisan efforts to reverse the reimbursement cuts were ignored by the Administration and Congressional leaders

Homeland Security

Resources do not match the rhetoric

Maine first responders have been struggling to fund security requirements in the post-September 11 environment. While national security is foremost a federal responsibility, promises of federal aid for state security agencies has fallen short. While homeland security has been a rhetorical priority for the Bush Administration, its demand for spending restraint has jeopardized states' effort to provide adequate security:

! In August 2002, President Bush vetoed \$2 billion in homeland security spending (part of a \$5.1 billion emergency spending package, in H.R. 4775), some of which would have been made available in 2002 to Maine first responders. Denied funding featured antiterrorist equipment for law enforcement; grants to local firefighters; nuclear plant security; port security grants; airport security; Coast Guard programs; and border security.

! In November 2001, the House Republican Majority voted down \$1.7 billion in homeland security aid for states (in the Obey amendment), including grants to local health departments for bio-terrorism response; airport security; adding 800 customs agents; Coast Guard aid; bus and rail security; and drinking water system security.

! In January 2003, incoming Senate Republican leaders agreed, at the Bush Administration's behest, to cut \$6.3 billion from appropriations bills that fund homeland security, including Transportation Security Administration, Coast Guard, FBI, INS, Border Patrol, U.S. Marshal Service, Centers for Disease Control, EPA, and FEMA. This decision is part of an overall \$10 billion reduction in the FY2003 budget, below levels previously approved in last year's Democratic-controlled Senate.