

The Bush Budget: Bad for Maine

President's FY2005 Budget Cuts Domestic Programs Important to Maine Communities and Families

Introduction and Summary

During the Administration of President Bush the federal budget has gone from an inherited surplus of \$127 billion (FY2001) to an all-time record deficit of \$521 billion (estimated for FY2004). The 10-year budget outlook has dramatically shifted from \$5.6 trillion in surpluses (2002-2011) to \$4 trillion in deficits (2005-2014).

President Bush has stated that the key to deficit reduction is spending restraint, even though increased spending has accounted for only 24 percent of the return to deficits. And while revenue losses caused primarily by the President's tax cuts are responsible for 76 percent of the fiscal deterioration, the President is seeking to make his tax cuts permanent, at a cost of more than \$1 trillion to the Federal Treasury over the next decade.

“No one should expect significant deficit reduction as a result of austere non-defense discretionary spending limits”

-- House Appropriations Committee
Chairman Bill Young (R-Fla)

On February 2, 2004, President Bush submitted a budget that cuts domestic discretionary spending by \$1.2 billion, or 0.3 percent (the other portions of the discretionary budget, defense, homeland security and international affairs, receive healthy increases). Accounting for inflation,

**Spending cuts will be
Administration's "mantra"**

-- Treasury Secretary John Snow, 1/7/04

this amounts to a \$14.2 billion (3.6 percent) cut in 2005 and a \$50 billion (11.5 percent) cut by 2009. The domestic discretionary budget contains programs that significantly benefit Maine communities and low- and middle-

income families, including education, economic development, job training, transportation, veterans, law enforcement and environmental protection.

The President's budget proposes one-sided mechanisms to enforce fiscal discipline on spending but not on tax cuts. His plan would force any increases in discretionary or mandatory (e.g. Social Security and Medicare) spending beyond a certain level to be offset with corresponding spending cuts elsewhere. However, his budget fails to require revenue losses (e.g. making his tax cuts permanent) to be offset with revenue increases elsewhere.

The Bush budget continues the trend of shifting financial burdens to the states through a combination of state grant cuts and tax changes that reduce state revenues. States are facing cumulative \$40 billion in deficits in FY2005 (the Maine state deficit in the current year exceeds

\$100 million). The Bush budget exacerbates this crisis, by cutting state and local grant programs by 1.1 percent in 2005 (a 2.2 percent cut after adjusting for inflation). The reduction in federal grants would reduce states’ buying power by approximately \$6 billion, forcing many states to make deeper budget cuts or tax increases. Maine has already cut state spending by 2.9 percent in the last two years. In addition, the Bush budget includes a number of tax initiatives that could result in the loss of approximately \$5 billion in state revenues (all states) over the next five years.

While in recent years Congress has reversed some of the domestic cuts sought by President Bush, this year Republicans in Congress are eager to cut the budget even deeper than the President. Reacting to the new deficit picture, Senate Majority Leader Bill Frist (R-Tenn), Appropriations Chairman Ted Stevens (R-AK), and Budget Chairman Don Nickles have reportedly agreed to cut discretionary spending by \$4 billion below the Bush request. House Majority Whip Roy Blunt said that House Republicans are warming to a freeze on domestic discretionary spending (a cut of \$2 billion).

“Senate GOP vows to cut Bush budget”
-- Washington Times
headline, 2/25/04

This report details programs that benefit Maine communities that are slated for cuts, elimination or a freeze in the FY2005 budget proposed by President Bush. The list is illustrative and is by no means comprehensive.

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Prepared by the Office of Rep. Tom Allen. Sources: President’s Federal Budget for Fiscal Year 2005 and various agency budget presentations; House Budget Committee, Democratic staff; National Conference of State Legislatures; Northeast-Midwest Institute; Center for Budget and Policy Priorities, news reports.

February 2004

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CUTS BY PROGRAM, WITH MAINE IMPACT

Bad for Maine Students and Schools

- The Bush budget provides \$9.4 billion less for education than authorized by Congress and promised by the President under the **No Child Left Behind Act** (NCLB).
 - *Maine will not receive \$38 million as promised under NCLB, which will deny some 9,600 Maine children the help with reading and math they were promised under Title I of the Elementary and Secondary Education Act. Forcing Maine schools to comply with the mandates of NCLB without sufficient federal aid has severely frustrated the state’s educators and policy-makers.*

- The Bush budget provides \$10.7 billion less for **special education** than promised under the Individuals with Disabilities Education Act (IDEA), which commits the federal government to cover 40 percent of special education spending by local school districts. Under the Bush budget, the federal share will be only 19.7 percent in FY2005.
 - *Maine will not receive some \$52 million promised by the federal government. Special education continues to be a top fiscal concern for school districts in Maine. The federal government’s failure to fund its mandate means schools must divert funds intended for other students to deal with special education, and homeowners throughout Maine face rising property taxes to cover the local school districts’ financial burden.*

- The Bush budget cuts **vocational education** by \$316 million (a 24 percent reduction) from the FY2004 level. This cut offsets the funding increases championed by the President in his “Jobs for the 21st Century” initiative designed to bolster community colleges; his increases mostly go to secondary level education programs. This is in addition to more than \$1.5 billion in proposed cuts to job training and vocational education programs since he took office. Also, the President’s budget proposes to turn vocational education into a block grant to states, eliminating accountability and targeting of resources to disadvantaged students and programs.
 - *Since President Bush assumed office, Maine has lost an estimated 14,600 manufacturing jobs, the highest per capita manufacturing job loss in the nation. In that span, Maine’s overall unemployment rate has risen from 3.3 to 5 percent.*

- The Bush budget **eliminates 38 Education Department programs** (an aggregate education budget loss of \$1.4 billion), including many programs that have aided Maine schools and students:
 - * eliminates **Even Start**, which provides education and related services jointly to parents lacking a high school diploma (or equivalent) and their young children;
 - * eliminates **Alcohol Abuse Reduction** in secondary schools;
 - * eliminates **Parental Information and Resource Centers**, to promote family involvement in schools;
 - * eliminates **Javits Gifted and Talented Education**, to help meet educational needs of gifted and talented students;

“Cut wasteful spending”
 -- President Bush, State of the Union, 1/20/04

- * eliminates **National Writing Project**, to promote effective teaching of writing;
- * eliminates **Dropout Prevention Programs**; and
- * eliminates **Arts in Education**.

- The Bush budget cuts funding for **Perkins Loans** by 60 percent (\$99 million). This program provides low-interest rate loans for undergraduate and graduate students with financial needs.

“This program is duplicative and unnecessary”
 -- President’s budget, page 112

The budget eliminates the Perkins Loans capital contributions program and freezes the other campus-based aid programs at the FY2004 level.

-- *Nationally, this cut would deny a source of financial aid for 53,000 mostly low-income students. This will hurt Maine, which has one of the lowest state rates of high school graduates enrolling in college.*

- The Bush budget freezes the maximum **Pell Grant** at \$4,050 and, due to increased eligibility rates, results in a lower average award of \$2,399. This is the third straight year with a frozen maximum award and a cut in the average award, even though college costs have risen dramatically. Due to the rising number of Pell recipients, the program will carry a shortfall of \$3.7 billion into next year. Program funding would be cut by \$327 million in FY2006.

-- *There are approximately 16,000 students in Maine universities receiving Pell Grants.*

- The Bush Budget funds **Head Start** at a level that prevents the enrollment of more children. While FY2005 funding of \$6.9 billion represents an increase in funding over FY2004, it freezes Head Start enrollment at the 2004 level of 919,000 children. Based on 2002 data, that provides services for only 14 percent of the 6.8 million eligible children. The budget cuts Head Start by three percent (\$177 million) by FY2006 and by seven percent by 2009, resulting in an estimated reduction of 62,000 in the number of children able to participate in Head Start programs.

-- *In Maine, 12,433 pre-schoolers will not get access to Head Start without full funding.*

- The Bush Budget freezes funding at the FY2004 level for programs that provide assistance to postsecondary students, such as **TRIO**.

-- *Maine’s 18 TRIO programs currently serve 6,430 students in Maine. Frozen TRIO funding jeopardizes the ability of these programs to serve additional students in need.*

Bad for Health Care in Maine

- The Bush budget addresses the crisis of the **uninsured** by covering less than five percent of the record 44 million uninsured Americans. The Bush budget provides \$70 billion (over 10 years) for an inefficient tax credit that covers less than two million people, and promotes Health Savings Accounts that largely help those who can already afford health insurance. Health insurance premiums rose by 14 percent last year, making it harder than ever for middle class families to afford health insurance coverage.

-- *Approximately 135,000 Maine residents do not have health insurance, or 13 percent of the State. Providing for their health needs drive up health costs for everyone else in the State.*

- The Bush budget cuts Medicaid spending and proposes a radical overhaul of **Medicaid**. Two so-called program integrity initiatives result in a \$9.6 billion decrease in federal Medicaid spending over five years and a \$23.6 billion decrease over ten years. The first policy places limits on intergovernmental transfers (IGTs). The second policy limits federal reimbursement for care provided by state and local government health care providers to the actual cost of the care (current law allows states to increase payments for the purpose of obtaining more federal matching dollars).
 - *Like most other states, the Maine State government is struggling with a shortfall in its state Medicaid account (more than \$20 million). Despite this, the Bush plan transforms a large portion of Medicaid from an entitlement to a block grant, shifting the cost of the program onto hard-pressed states.*

- The Bush budget slashes funding for the **Community Access Program** by 90 percent (from \$104 million to \$10 million). This program coordinates health care services for the uninsured offered by community providers such as public hospitals, community health centers, and disproportionate share hospitals, helping to reduce the costs of providing care to the uninsured.
 - *This funding reduction could have a negative effect on the Care Partners program run by Maine Health and Maine General in Cumberland, Kennebec, and Lincoln Counties.*

- The Bush budget cuts **rural health activities** by 64 percent (\$91 million), eliminates the **Rural Health Flexibility Grant** program and cuts the **Small Hospital Improvement Program**.
 - *This year Maine received \$435,000 in Rural Health Flexibility grants, which has helped rural hospitals in Millinocket, Rumford, Calais, Lincoln, Bar Harbor, Boothbay Harbor, Blue Hill and Greenville do community needs assessments, strengthen their quality assurance and performance improvement programs, and assist with their EMS systems. Rural Maine hospitals also received \$151,000 under the Small Hospital Improvement program.*

- The Bush budget eliminates most **health professions training programs** by slashing spending on these programs from \$294 million this year to \$11 million in FY2005, a cut of 96 percent. Funding for nurse training is frozen.
 - *A large number of Maine's residents reside in federally designated "Health Professions Shortage Areas" (HPSAs), including 20 percent of Maine residents living in primary care HPSAs; 18 percent in mental health HPSAs; and 65 percent in dental HPSAs. Maine is suffering from a shortage of nurses and faces the second highest shortage of pharmacists in the nation.*

- The Bush budget eliminates **distance learning and telemedicine guaranteed loans**, and cuts grants for distance learning and telemedicine. These programs would have expanded the availability of health care in 190 rural medical service facilities and educational resources in 556 rural schools.
 - *Maine recipients of these grants in 2003 were Eastern Maine Healthcare (\$500,000), Regional Medical Center at Lubec (\$221,620), and St. Joseph Healthcare Foundation (\$500,000).*

- The Bush budget freezes **Children’s Hospital Graduate Medical Education (GME)** at the FY2004 level of \$303 million. GME funds are used by children’s teaching hospitals to offset the higher costs of providing advanced training to pediatricians.
 - *This cut could restrict funding available for teaching at the Barbara Bush children’s wing at Maine Medical.*
- The Bush budget freezes **Title X family planning** programs at the FY2004 level of \$278 million.
 - *Without an increase in Title X funding, the rising cost of oral contraception will decrease the number of people able to access it. This applies to even the most basic oral contraception, but the new, more effective methods are becoming impossible for low-income patients to afford. More low-income women will, in turn, have unwanted pregnancies. A similar situation will occur with the pap-smear, a key diagnostic tool in the early detection of cervical cancer. More low-income will not be able to access this important service leaving them vulnerable.*
- The Bush budget freezes **Maternal and Child Health (MCH) Block Grant** at the FY2004 level of \$739 million. This block grant supports federal and state partnerships to develop service systems to address the critical challenges in maternal and child health.
 - *The freeze could limit access to health care for low-income mothers and their children, resulting in fewer preventive services for children, or fewer nursing interventions for children with special needs.*

Bad for Maine’s Economic Development

- The Bush Budget cuts **Community Development Block Grants** by \$317 million (seven percent) below the FY2004 level. CDBGs provide funds for programs and activities that promote development in low- and moderate-income communities. By 2009, total cuts to CDBG funding would total almost \$500 million.

“This program suffers from unclear purpose...”
 -- President’s budget, page 187

 - *The Maine State Planning Office distributes CDBG funds to municipalities with low income census tracts for housing construction, infrastructure improvements, and economic development.*
- The Bush Budget cuts funding for **Community Development Financial Institutions** by \$14 million (23 percent). The CDFI program provides grants, loans, and financial and technical assistance to promote economic development in economically distressed communities.
 - *Beneficiaries in Maine include community banks, credit unions and non-profits (such as Coastal Enterprises, Inc., of Wiscasset) to leverage capital for economic development.*

Bad for Rural Maine

- The Bush Budget cuts the Department of Agriculture’s **Rural Housing Loan Programs**. It

reduces the loan volume of the Section 502 single-family housing by \$251 million (19 percent) from the 2004 level, and the loan volume for Section 515 multi-family housing by \$56 million (48 percent).

-- Maine suffers from a lack of affordable housing and is ranked last in the nation in multi-family construction.

- The Bush Budget eliminates the Department of Housing and Urban Development's **Rural Housing and Economic Development** Program (funded at \$25 million in FY2004).

-- Beneficiaries in Maine have included local rural non-profits and community development corporations.

- The Bush budget cuts the **Rural Community Advancement** (RCA) program by \$183 million (25 percent) cut below the FY2004 enacted level. This program provides grants, loans, and loan guarantees to stimulate economic growth and build facilities in rural communities.

-- This cut would reduce Maine's ability to leverage federal funds to promote development in rural and agricultural areas.

Bad for Maine's Low-income Families and Seniors

- The Bush budget freezes funding for the **Low Income Home Energy Assistance Program** (LIHEAP) at \$1.8 billion in regular funding, or \$1.2 billion (or 40 percent) less than what the Northeast-Midwest Coalition says is needed to equal the purchasing power the program had in 1982.

-- This shortfall denies Maine some \$15 million that could be used to help low income families and seniors.

- The Bush Budget freezes **Housing for the Elderly and the Disabled** funding at the FY2004 level of \$1 billion.

--These funds allow public housing authorities, such as the Portland HA and Brunswick HA, to provide assistance to low income elderly and disabled people.

- The Bush Budget cuts the **Section 8 housing voucher program** by \$791 million (four percent) below the FY2004 level. This program allows very low-income families to choose and lease or purchase safe, decent, and affordable privately-owned rental housing. By 2009, state and local housing agencies would be forced to reduce the number of low-income families and elderly and disabled households assisted by 800,000 (40 percent) or to reduce sharply the level of assistance provided to voucher tenants by raising the rents these families pay by an average of \$2,800 a year. Most of these families live below the poverty line.

■ *This cut would deny some 1,500 Maine low-income families with housing assistance in FY2005, and deny 4,760 Maine families by FY2009.*

- The Bush Budget cuts funding for **Public Housing Capital and Operating Funds** by \$28 million below the FY2004 level. Nationally, 1.2 million families live in public housing, more than 40 percent of whom are seniors or disabled. Public Housing authorities nation-wide face a

\$20 billion backlog of urgent repair needs. The Public Housing Capital Fund pays for major structural repairs to public housing units.

– Public housing authorities throughout Maine, including Brunswick, Portland, Sanford, Lewiston, Caribou and Augusta would be affected by these cuts.

- The Bush Budget restricts **child care** assistance by freezing funding for the **Child Care and Development Block Grant** (CCDBG) at \$4.8 billion. At the same time, the President's plan to increase work requirements for welfare recipients will increase the demand for affordable child care.

-- By 2009, the budget's funding path would reduce by 365,000 (nationally) the number of children from low- and moderate-income working families who receive child care assistance.

- The Bush Budget cuts the **Community Services Block Grant** program by \$147 million from the FY2004 level.

– Maine would lose some \$830,000 in Community Services Block Grant funds.

- The Bush Budget cuts \$6 million from the **Legal Services Corporation**, which funds the provision of legal aid to the poor.

– These cuts may restrict access to legal representation for low-income people in Maine.

Bad for Maine's Dislocated Workers

- The Bush Budget cuts **job training** programs by \$151 million (five percent) below the FY2004 level, and convert the four key programs (adult training, dislocated worker activities, employment service state grants, and grants to states for reemployment services) into block grants for employment training programs, which will likely increase the burden on states. For the next four years, the budget continues to cut total funding below the FY2005 level, with the steepest cut in 2006.

-- These cuts would hurt Maine's ability to help workers affected by the recession and by mill and plant closures.

Bad for Maine's Small Businesses

- The Bush budget cuts \$79 million from the **Small Business Administration**, and eliminates funding for the Microloan Program, which provides very small loans to start-ups.

-- Last year, the SBA provided 34 Maine businesses with microloans, which would no longer be available if this budget is enacted.

- The Bush budget cuts aid to manufacturers by 64 percent (\$71 million under) from the FY2003 level under the **Manufacturing Extension Partnership** (MEP). This program helps small manufacturers with everything from plant modernization to employee training.

-- Since 2001, Maine has lost an estimated 14,600 manufacturing jobs, the highest per capita manufacturing job loss in the nation. This drastic cut could effectively mean elimination of the Maine MEP, which has helped numerous small businesses integrate

systems and technologies to create high-performance enterprises.

- The Bush Budget eliminates the **Advanced Technology Program**, which received \$177 million in FY2004. ATP provides assistance to U.S. businesses and joint R&D ventures to help them improve their competitive position and help accelerate commercialization of technology that promises significant national economic benefits.

-- Brunswick Technologies, Inc. (of Brunswick) and Pepin Associates, Inc. (of Greenville) are part of larger partnerships/consortiums that have participated in the ATP program.

Bad for Maine Municipalities

- The Bush budget reduces **state water infrastructure aid** by a \$492 million (37 percent) cut in the **Clean Water State Revolving Loan Fund**, from the FY2004 level. This program provides aid to states to help communities upgrade waste control systems to meet environmental standards.

-- Portland, Saco, Sanford, Augusta, and Brewer are among the many localities seeking Combined Sewer Overflow project money to upgrade and improve their wastewater collection and treatment systems.

- The Bush budget cuts the **Army Corps of Engineers** civil works budget by \$347 million below the FY2004 level, marking the fourth consecutive year of such proposed reductions.

-- The cuts may jeopardize the ability to complete Corps projects in Maine such as jetty modifications at Camp Ellis in Saco, where beach erosion is causing property loss.

Bad for Maine Transportation

- The Bush budget requests only \$256 billion (over six years) for the six-year **surface transportation** reauthorization bill, which is \$62 billion (19 percent) less than the level authorized in the bill recently passed by the Senate, and \$119 billion (32 percent) less than the level authorized by the House Transportation and Infrastructure Committee.

-- Failure to adequately fund surface transportation infrastructure will make it more difficult for the State of Maine to fix failing infrastructure, like the Waldo-Hancock Bridge and the Governor Curtis ferry. Other projects that would be jeopardized include the Bath Viaduct, the Augusta Memorial Bridge, and new construction to improve safety, including projects on Route 302, Route 111, Route 201, and I-295; to reduce congestion such as the Gorham Village Bypass and the Commercial Street Connector; and to improve the trade corridors state wide, such as work on the prospective East-West Highway, the Aroostook North-South Highway, the new Calais-St. Stephen Bridge, and the Maine Marine Highway.

- The Bush budget provides only \$900 million for **Amtrak**, \$318 million below the 2004 level, and just half of what Amtrak says it needs to keep operating without shutting down lines. The Bush Administration continues to press for the privatization of Amtrak, which it claims is justified by the

“The President’s number is a shut down number”

-- Amtrak President David Gunn, 2/10/04

program's inefficiency, which is exacerbated by the Administration's failure to fully fund the Amtrak system.

-- Many Maine residents have come to rely on the "Downeaster" for efficient travel through the Northeast corridor

- The Bush budget cuts aid to **small airports**. It cuts the **Essential Air Service** program by 50 percent by establishing a \$50 million cap. This program provides financial assistance to rural communities geographically isolated from hub airports so that they may operate smaller airports. The budget also eliminates the **Small Community Air Service Program**, which helps communities that suffer from infrequent service and high air fares. Congress authorized \$35 million per year for this program as part of last year's Federal Aviation Administration (FAA) reauthorization bill (although only \$20 million was provided in FY2004 funding).

-- Essential Air Service is critical to the continued viability of airports in Augusta, Rockland, Bar Harbor and Presque Isle.

Bad for Homeland Security in Maine

- The Bush budget cuts **first responder grants** by \$648 million (15 percent) from the FY2004 level. The budget doubles funding for specific high-threat urban areas but decreases formula-based grants by \$821 million (37 percent). Also, it cuts firefighter assistance grants by \$246 million (33 percent). Over five years, the budget cuts first responder aid by \$1.3 billion.

-- The formula cuts decrease funding available to Maine. The firefighter grants have been sought by fire departments in Maine as essential to improving their response capabilities.

- The Bush budget cuts **port security grants** by \$79 million (63 percent) from the FY2004 level, even though the Coast Guard reports needs in this area totaling \$4.4 billion over ten years. As authorized by Congress in November 2002, port security grants (under the Department of Homeland Security) provide funds for port agencies to install the fencing, surveillance technologies, and other measures needed to prevent terrorists from gaining access to docks and other port facilities.

--The port of Portland is the second largest oil terminal on the East Coast, which raises concerns about its vulnerability.

Bad for Maine Law Enforcement

- The Bush budget cuts a host of **state and local law enforcement grant** programs that have helped Maine communities combat and deter crime. The budget cuts Violence Against Women Act programs by \$22 million (six percent) and cuts Juvenile Justice and Delinquency Prevention Act grants by \$151 million (43 percent), both from the FY2004 level. It also eliminates a variety of programs (worth \$1.3 billion), including Edward Byrne formula and discretionary grants, the State Criminal Alien Assistance Program, and Local Law Enforcement Block Grants.

-- State, county, and local governments throughout Maine have received and benefited from these funds.

• The Bush budget effectively eliminates the **COPS** (Community Oriented Policing) program by slashing funding 87 percent, from \$756 million in FY2004 to only \$97 million in FY2005. COPS provides grants and other assistance to help communities hire, train, and retain police officers and improve law enforcement technologies. The budget cuts the COPS program to only \$43 million in FY2006 and freezes it at that level through 2009.

“It is unclear why a substantial federal subsidy is required to sustain [community policing]”

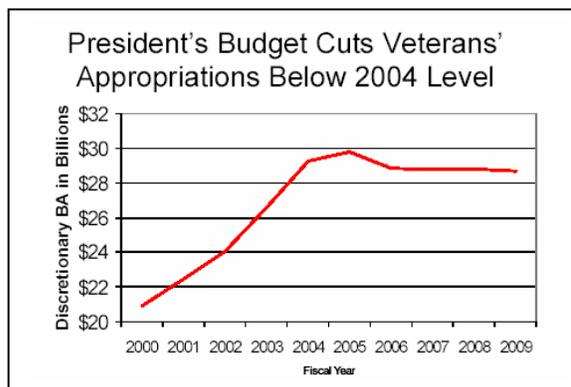
– OMB, Program Assessment Rating Tool for Department of Justice, 2/04

-- The COPS program has put 378 additional police officers on Maine streets, helping 109 local and state agencies. Maine has received more than \$32 million from this program since 1994.

Bad for Maine Veterans

• The Bush budget raises health care costs for more than one million **veterans** by increasing drug co-payments and imposing new enrollment fees that will cost veterans more than \$2 billion over five years. According to the Administration’s own figures, this will result in driving about 200,000 veterans out of the system, and discourage another one million veterans from enrolling.

• The Bush budget cuts **veterans medical care** by \$257 million below the amount needed to maintain purchasing power at the FY2004 level. Over five years, the purchasing power shortfall is \$13.5 billion (nine percent). The Secretary of Veterans Affairs has testified that the White House budget office cut \$1.2 billion out of the amount the Department of Veterans Affairs said was needed in FY2005. The Bush budget for the VA is \$2.6 billion short of what leading veterans groups (AMVETS, Disabled American Veterans, Paralyzed Veterans of America, and Veterans of Foreign Wars) say is required in their Independent Budget assessment.



-- The long-term cuts could frustrate efforts at Togus to serve the aging and growing veterans population in Maine.

• The Bush budget cuts funding for 800 employees needed to process **veterans disability and benefit claims** by 2005. Today, there are 565,040 veterans awaiting a decision on their disability claims, and 148,015 appeals are pending. More than 106,000 of those veterans have been waiting six months or more for their decision.

-- These staff cuts will make it harder for Maine veterans to get their disability, education, pension, housing and employment benefits.

Bad for Maine’s Environment

- The Bush budget cuts the **Environmental Protection Agency** budget by seven percent (\$606 million). This will result in about 5,000 fewer inspections (nationally) than conducted in FY 2000 to detect violations of the Clean Air Act, Clean Water Act and other key environmental laws. This would be the first time since 1981 that environmental programs (overall) would be cut in two consecutive years. Over five years (FY2005-2009), the budget cuts environmental programs by an average of 1.7 percent per year.

- The Bush budget underfunds **Land and Water Conservation Fund (LWCF)** by \$586 million. While the Administration claims full funding of the Land and Water Conservation Fund at \$900 million, only \$314 million is budgeted for the traditional purposes of the fund to support federal and state land acquisition. The full funding claim is achieved by lumping non-traditional activities into the Fund.
 - *The Land and Water Conservation fund supports important conservation and recreation projects in Maine. In 2003, the fund enabled recreation projects in Houlton, Boothbay, Augusta, Strong, Carrabassett Valley, Brewer, Eliot, Green, Livermore Falls, Old Orchard Beach, and Southwest Harbor. Federal funds also helped expand Ferry Beach State Park between Old Orchard Beach and Camp Ellis.*

- The Bush Budget allocates \$500 million (23 percent) less in FY2005 for **the Land, Conservation, Preservation and Infrastructure Improvement Fund (LCPII)** than authorized by Congress. The historic bipartisan conservation funding agreement of 2000 provided for more than \$2.2 billion in 2005 for a pre-defined set of programs aimed at habitat and species protection, urban and historic preservation, maintenance of public lands, and other related purposes. The Bush budget proposes only \$1.7 billion.
 - *The 2000 conservation agreement was intended to benefit coastal conservation programs, state wildlife agencies, and programs that preserve historic places, recover endangered species, improve urban parks and restore Indian lands.*

- The Bush budget funds **farmland conservation programs** below the levels authorized in the 2002 Farm Bill. Specific shortfalls in budget include: \$215 million (18 percent) less than authorized for the Environmental Quality Incentives Program, \$5 million (four percent) less than authorized for the Farmland Protection Program, and \$26 million (31 percent) less than authorized for the Wildlife Habitat Incentives Program
 - *According to the Northeast-Midwest Coalition, the Bush budget's funding and policy changes to conservation programs authorized in the 2002 Farm Bill that could slow the implementation of conservation programs in high demand by farmers throughout the Northeast-Midwest region.*

- The Bush budget cuts the **State Energy Program** by \$3.7 million (eight percent) from the FY2004 level. The program provides grants to states to design and carry out their own energy efficiency and renewable programs.
 - *This amounts to a \$30,000 cut for Maine according to Department of Energy data.*

- The Bush budget cuts the **Lead Hazard Reduction Grants** program by \$49 million (26 percent) from the FY2004 level. The program provides grants to communities to replace lead pipes leading into homes and other activities.

-- The Cities of Portland and Auburn, and the Maine State Housing Authority, have received grants under this program.

Good for the President’s Office

- The Bush budget increases funding for the Executive Office of the President by \$23 million, or seven percent, over the 2004 level. This includes a 24 percent increase for the Office of Management and Budget, the office responsible for implementing the President’s call to “cut wasteful spending.”

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CHARTS

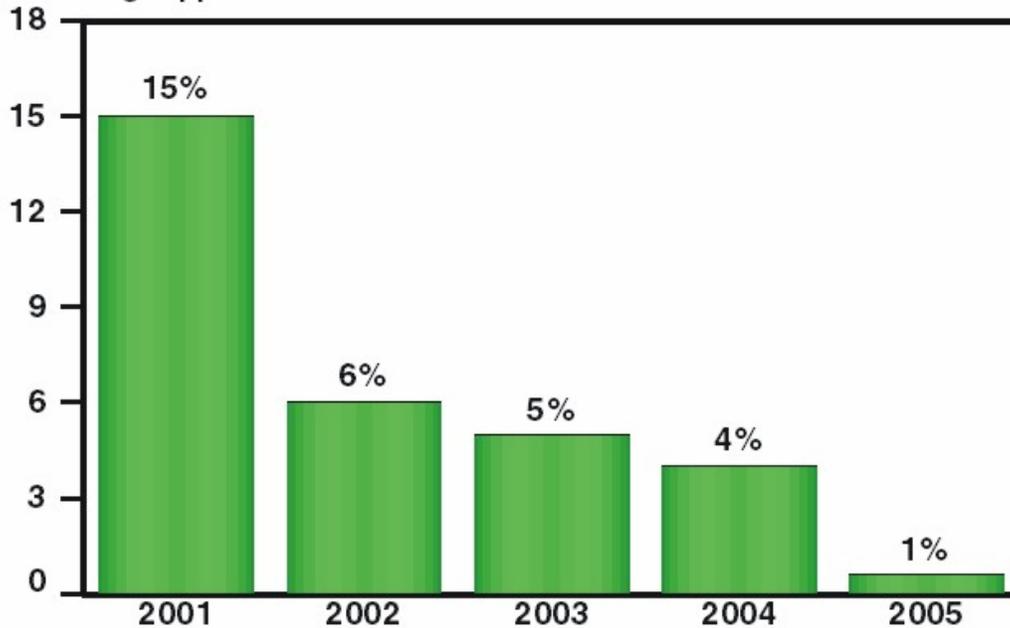
President’s Budget: 2004 - 2006				
(Budget Authority and Obligation Limitations in Billions of Dollars)				
	2004*	2005	2006	2004-06
Domestic Non-Homeland Security	383.3	382.1	380.8	-0.7%
International Affairs	27.0	31.6	34.0	26.1%
<i>Subtotal: Non-Defense, Non-Homeland Security</i>	<i>410.3</i>	<i>413.7</i>	<i>414.8</i>	<i>1.1%</i>
National Defense	394.8	420.7	442.6	12.1%
Homeland Security	26.6	30.6	29.6	11.3%
Total Resources	831.7	865.0	886.9	6.6%

**The 2004 enacted figures exclude funding from the 2004 supplemental funding bill.*

House Budget Committee, Democratic Staff

Growth in Domestic Discretionary Spending Declines

Percent growth in non-defense, non-homeland budget authority excluding supplementals

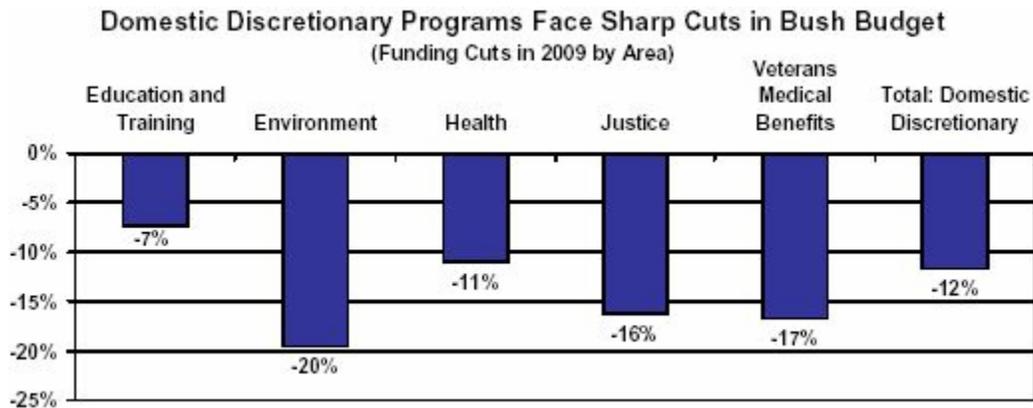


Office of Management and Budget

The President's Budget: Proposed Cuts in Domestic Discretionary Funding Outside Homeland Security

	<i>Relative to the 2004 Funding Level, Adjusted for Inflation</i>		<i>Relative to the 2004 Funding Level, Adjusted for Inflation and Population Growth</i>	
	Cut in Billions of Dollars	Percent Cut	Cut in Billions of Dollars	Percent Cut
2005	-\$8	-2.0%	-\$12	-2.9%
2006	-\$19	-4.8%	-\$26	-6.4%
2007	-\$25	-6.1%	-\$36	-8.4%
2008	-\$35	-8.2%	-\$49	-11.2%
2009	-\$47	-10.9%	-\$66	-14.5%

Center for Budget and Policy Priorities



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What Explains the Shift from Surplus to Deficits?

Federal Expenditures, Revenues, and Fiscal Balance as a Share of GDP

	2000	2004	Change	Share of Change*
Expenditures	18.4%	20.0%	1.6%	24%
Revenues	20.9%	15.8%	-5.0%	76%
Surplus (+)/ Deficit (-)	+2.4%	-4.2%	-6.6%	100%

* The swing from surpluses of 2.4% of GDP to deficits of 4.2% of GDP represents a budget deterioration equal to 6.6% of GDP. This column shows the share of this deterioration that is due to the decline in revenues, as well as the share that is due to increases in spending.

Source: This table is based on CBO estimates for 2004. Using OMB estimates produces nearly identical results, with revenue declines accounting for 74 percent of the change.

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