

Iowa Fiscal Partnership *news release*

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More of the Same: Bush Budget Shorts Iowans New Report Shows Iowa Impacts of President's Plan

MOUNT VERNON, Iowa (Feb. 20, 2008) — President Bush's proposed 2009 budget fails to keep pace with Iowans' priorities for public services including child care, education, energy assistance and the environment, according to a new report.

The Center on Budget and Policy Priorities (CBPP) today issued a report detailing \$20 billion nationally in real domestic discretionary spending cuts proposed by the White House. CBPP noted those cuts in actual and/or inflation-adjusted dollars come on top of sizable cuts made in recent years.

"Rhetoric needs to match the reality," said David Osterberg, executive director of the nonpartisan Iowa Policy Project in Mount Vernon/Iowa City.

"And the reality is that even where this report finds meager increases for critical domestic services, they don't keep pace with inflation. These are real cuts. This important report shows how Iowans would be hurt if the president has his way on this, his last budget."

The CBPP analysis indicates the following issues for Iowa with the president's proposed budget:

- **Children:** Head Start and child-care funding in Iowa would both fall even further behind previous levels in the Bush budget.

"This administration has not been friendly to these initiatives that are so important to children," said Charles Bruner, executive director of the Child & Family Policy Center in Des Moines.

Iowa's Head Start funding would be \$4.7 million behind 2001 levels and \$6.9 million behind the 2002 peak in the Bush years. Head Start funding essentially has been frozen since then.

Child-care funding, expected nationally to reach 200,000 fewer low-income children and their families from FY2007-09, has seen a 12 percent cut in inflation-adjusted dollars since FY02. The Iowa cut from this year would be \$300,000 – to a level \$4.2 million below 2002.

- **Education:** The president's budget does offer more for Iowa K-12 education than it did in 2001, by \$55.6 million — but importantly, it is \$24.3 million behind 2004, the peak funding since the advent of No Child Left Behind legislation placed new requirements on local schools.

Meanwhile, vocational and adult education would be cut, by \$13.6 million from the current year, and over \$16 million off the pace of 2001 and the 2004 peak.

"Schools are being expected to do more, and the funding is not keeping pace," Bruner said. "Adults in the work force are trying to adjust to a changing economy, and the educational support is not there."

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- **Environment:** The budget would cut Iowa’s funding for clean and safe drinking water, under the Clean Water State Revolving Fund (CWSRF), by \$2 million relative to the current year — and \$14.8 million below funding in 2001.

Environmental Protection Agency grants to help states and localities fund sewage and wastewater treatment, and other water clean-up projects would be cut by more than 20 percent compared to last year.

“This budget falls short on protecting the environment and ensuring clean water that is safe for all Iowans,” said Marian Riggs Gelb, executive director of the Iowa Environmental Council.

- **Low-Income Heating Assistance:** As Iowans have faced subzero temperatures in a winter of extremes, the president’s budget envisions continued inability of the Low-Income Home Energy Assistance Program (LIHEAP) to meet the needs of eligible households.

The president’s proposal would cut LIHEAP funding by \$570 million in inflation-adjusted terms from the current budget year — or 22 percent — and participation could drop by 1.3 million people nationwide. For Iowa, the cut would be \$11.5 million for the upcoming budget year, with a potential loss of benefits for 21,800 households.

“Costs of all heating sources are going up, and LIHEAP has kept falling short. This budget proposal would make things even worse for low-income families,” said Lana Ross, executive director of the Iowa Community Action Association, whose member agencies serve LIHEAP recipients.

- **State and Local Assistance:** Grants in aid for Iowa would be cut by \$158.5 million from the current budget level, and \$274.6 million below the peak level in 2003. Grants in aid are how the federal government funds state and local governments.

“Federal cuts in grants in aid have inevitable consequences for state and local budgets,” Osterberg said.

“This is especially short-sighted at a challenging time for the U.S. economy. State and local governments will be called upon to do more, not less, and the president’s budget ignores this reality.”

Iowa legislators and the governor are currently working on ways to address a projected \$350 million shortfall for the upcoming budget year.

For more information about Iowa impacts of federal budget choices, see the Iowa Fiscal Partnership website <<http://www.iowafiscal.org>>. The partnership is a joint budget and tax analysis initiative of the Iowa Policy Project and the Child & Family Policy Center, two nonpartisan, nonprofit Iowa-based organizations.

For more information about the federal budget in general, see the Center on Budget and Policy Priorities website <<http://www.cbpp.org>>.

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