

# Bush's Budget Is Another War and Austerity Budget

by Carl Osgood

The scandal-ridden Cheney-Bush Administration sent up to Capitol Hill, on Feb. 6, another “guns, not butter” budget for Fiscal Year 2007. It targets dozens of social safety net and public health and safety programs for spending reductions and outright elimination, while increasing spending for Dick Cheney’s perpetual wars in Iraq and Afghanistan, as well as the “security” functions of government, especially homeland security. It argues that the cuts proposed in mandatory programs, including Medicare and Medicaid, amounting to \$65 billion over the next five years, are not enough, and the programs must be radically altered to prevent a “fiscal crisis.” On top of all that, it offers yet another hand-out to Cheney’s synarchist patrons in the form of massive tax cuts that mostly benefit the highest income brackets in America.

More telling are the five-year projections for discretionary programs, which, unlike past practice, were not published with the budget. According to a staff report produced by House Budget Committee Democrats, over the next five years the budget plan cuts non-defense discretionary programs by \$183.1 billion below what is needed just to maintain constant purchasing power. Even veterans’ health care, which received a boost of nearly \$3 billion for 2007, though projected to increase slowly through 2011, will be more than \$9 billion, or 13%, below the inflation-adjusted baseline, under the Bush Administration’s plan. The defense budget, on the other hand, is projected to go over \$500 billion by 2011, not including any future costs of Cheney’s wars. Not surprisingly, the five-year projections were not published with the budget documents sent up to the Hill, but were provided to Congress separately by the Office of Management and Budget, probably to keep the numbers out of the public spotlight.

All of the cuts (see the tables below) are made in order to pay for making permanent the tax cuts passed in 2001 and 2003. The House Budget Committee Democrats’ staff report notes that as a result of those tax cuts, “The current tax code favors unearned income, such as capital gains and inheritance income, relative to earned income, such as wages and salary.” If these tax cuts are preserved, “this bias against employment income would be preserved.” At the same time, the budget also proposes changes to the earned income tax credit (EITC) and the Child Tax Credit that would reduce the benefit of these credits to low-income families, by tightening the eligibility criteria.

In order to give its budget-cutting proposals “teeth,” the budget proposes enforcement mechanisms that would give the Executive branch even more control over the power of the purse, a power which properly belongs to Congress, under the Constitution. It proposes an automatic reduction in the rate of Medicare growth anytime general-revenue funding of the program exceeds 45%. It proposes to set caps on discretionary budget authority from 2006 to 2011. Any legislation that exceeds the caps would result in an automatic sequester of non-exempt discretionary programs. It proposes to resurrect the line-item veto and link it to deficit reduction. The last line-item veto was overturned by the U.S. Supreme Court in 1998 as an unconstitutional violation of the separation of powers.

The Administration also proposes a joint budget resolution, which, requiring the President’s signature, would make the budget a matter of law. A joint resolution “would bring the President into the process at an early stage, encourage the President and the Congress to reach an agreement on

overall fiscal policy before individual tax and spending bills are considered, and give the budget resolution the force of law,” the budget document says. Under the current system, the budget resolution does not require the President’s signature and Congress can override its provisions if it has the votes to do so.

The real fraud in this budget is its assumptions about the continuation of alleged “economic growth”; if, as is reasonable to expect, one or more of today’s myriad speculative financial bubbles should burst, the economy will plunge into free fall, and the deficit will increase accordingly. The im-

pending breakup of General Motors, as well as the “softening” of the real estate market, are but two indicators of where the economy is actually heading. Neither the Administration nor the Democratic opposition has shown a willingness to face this reality.

The Democrats can be expected to wage a spirited rear-guard battle against the cuts in social spending, and on some of the tax cuts. The success of such efforts will depend on a willingness to address the larger question of an economic recovery program, which the Cheney-Bush budget would make impossible.

## Guns, Not Butter

*This report identifies a number of the programs to be reduced or eliminated in the Bush Administration’s Fiscal 2007 report. Any program preceded by a dash is a subsumed part of the line item directly above it. The numbers are for total obligations for program activities, which, in some cases, do not expire at the end of the fiscal year.*

TABLE 1

### Department of Agriculture

(\$ Millions)

Program	FY2005 (Actual)	FY2006 (Estimated)	FY2007 (Estimated)
Total Department budget (discretionary)	21,538	21,086	19,717
Agricultural Research Service	1,182	1,213	1,081
Cooperative Extension Service <sup>1</sup>	58	58	22
Animal and Plant Health Inspection Service	1,293	1,370	1,193
Food Safety and Inspection Service	914	951	881
Grain Inspection, Packers and Stockyards Administration	36	38	22
Rural Community Advancement Program <sup>2</sup>	849	777	601
Rural Housing Service <sup>3</sup>	56	76	41
Rental Assistance Program <sup>3</sup>	593	647	486
Rural Community Grants <sup>4</sup>	839	499	438
Food Stamp program <sup>5</sup>	35,060	40,746	37,970
Commodity Assistance Program <sup>6</sup>	198	206	89
Forest Service	1,516	1,603	1,486

#### Notes

1. Programs for water quality and food safety are proposed to be eliminated altogether.
2. Proposes to consolidate three programs that provide water and waste management loans and grants, community facilities, and business and industrial loans and grants.
3. The up-spike in these programs for 2006 is the result of emergency supplemental for 2005 hurricanes.
4. Grant program to help communities train firefighters and emergency personnel in rural areas.
5. \$3 billion of FY2007 level is to be held in a contingency reserve fund in the event actual needs exceed budget estimate. Also, this appropriation is subject to workfare requirements.
6. Includes Commodity Supplemental Food Program, which the budget proposes to eliminate and the Emergency Food Assistance Program. The budget claims that CSFP duplicates WIC and the Food Stamp program, but Agriculture Secretary Mike Johanns was unable to answer questions put to him during a Feb. 15 hearing of the House Agriculture Appropriations Subcommittee, as to how many of 420,000 mostly elderly people using the CSFP are eligible for the other programs.

TABLE 2

**Department of Education**

(\$ Millions)

Program	FY2005 (Actual)	FY2006 (Estimated)	FY2007 (Estimated)
Total Dept. budget (discretionary)	56,998	58,840	56,830
Grants to local educational agencies <sup>1</sup>	14,831	14,611	16,470
School Improvement Programs <sup>2</sup>	5,620	5,311	4,973
Office of Innovation and Improvement <sup>3</sup>	1,107	950	865
Office of Safe and Drug Free Schools <sup>4</sup>	931	737	267
Special Education and Rehab Services	11,437	11,404	10,710
Vocational and Adult Education <sup>5</sup>	2,091	2,000	1,472
Postsecondary Education	2,116	1,953	1,110

**Notes**

1. Most of the increase in this category for 2007 is devoted to No Child Left Behind, including \$1.5 billion in new funding for high school reform, which would apply NCLB to high schools, and \$200 million to be directed entirely toward elementary schools that haven't met the NCLB goals.
2. Includes grant programs for improving teacher quality, educator professional development, foreign language assistance, state assessments, education for homeless children and youth, rural education, and others.
3. Fourteen programs under this account are to be eliminated in 2007.
4. Among the programs eliminated include state grants, alcohol abuse reduction, and civic education.
5. Some of the shortfall covered by 2006 advance appropriations.

TABLE 3

**Department of Defense**

(\$ Millions)

Program	FY2005 (Actual)	FY2006 (Estimated)	FY2007 (Estimated)
Total Dept. budget (discretionary)	400,081	410,825	439,302
(Supplementals)	78,830	120,000	50,000

TABLE 4

**Department of Justice**

(\$ Millions)

Program	FY2005 (Actual)	FY2006 (Estimated)	FY2007 (Estimated)
Total Dept. budget (discretionary)	20,450	20,971	19,451
National Drug Intelligence Center	235	252	144
Community Oriented Policing Services <sup>1</sup>	625	509	102
Juvenile Justice Programs <sup>2</sup>	369	373	176
State and Local Law Enforcement Assistance	1,226	1,873	(2)
Weed and Seed Program	68	61	(2)

**Notes**

1. This is the program created during the Clinton Administration to help cities and towns hire 100,000 more police officers.
2. Most of the cuts in the DoJ budget appear to be in grant programs, some of which are currently managed by the Office of Justice Programs, but others are managed separately. The Juvenile Justice Program, State and Local Law enforcement Assistance, Weed and Seed, and Public Safety Officers Benefits programs are to be transferred to OJP and completely reorganized, making it impossible to tell just how much each of these programs are to be cut. Those cuts are substantial, however, as the budget proposes that OJP's programs are to get \$1.1 billion, but State and Local Law Enforcement Assistance received \$1.8 billion in 2006. "In 2007, OJP continues to support the President's Management Reform Agenda by streamlining its existing appropriation account structure and consolidating programs and administrative resources into a single decision unit entitled Justice Assistance," the budget says.

TABLE 5

**Department of Housing and Urban Development**

(\$ Millions)

Program	FY2005 (Actual)	FY2006 (Estimated)	FY2007 (Estimated)
Total Dept. budget (discretionary)	33,274	34,268	33,646
Public Housing Capital Fund <sup>1</sup>	2,555	2,439	2,178
Housing Opportunities for Persons With AIDS	286	309	300
Community Development Fund <sup>2</sup>	4,976	15,762	2,876
Housing for the Elderly	1,009	742	546
Housing for Persons With Disabilities	296	239	119

**Notes**

1. Program for responding to capital and management improvement needs for public housing.
2. The huge increase in 2005 is from funds appropriated for disaster relief. The budget proposes to consolidate the Community Development Block Grant and other set-asides with the Community Development Fund and the Self Help Ownership Opportunity Program. The consolidated program "would be designed with a bonus fund component, a new allocation formula to better target funds to needs and other reforms to achieve greater results and focus on communities most in need of assistance." As a result, a number of programs are disappearing, including Economic Development Initiative Grants, Brownfields Redevelopment, and Rural Housing, among others.

TABLE 6

**Department of Labor**

(\$ Millions)

Program	FY2005 (Actual)	FY2006 (Estimated)	FY2007 (Estimated)
Total Dept. budget (discretionary)	11,925	11,330	10,889
Trade Adjustment benefits	972	1,102	979
Benefits for Disabled Coal Miners	349	333	303
OSHA	467	495	486
Disability employment	47	28	20

TABLE 7

**Department of Homeland Security**

(\$ Millions)

Program	FY2005 (Actual)	FY2006 (Estimated)	FY2007 (Estimated)
Total Dept. budget (discretionary)	29,429	30,626	30,932
Emergency Management Performance grants <sup>1</sup>	3,372	2,715	2,457
—State Homeland Security grants	1,063	529	616
—Law Enforcement Terrorism Prevention	386	385	0
—State and Local Training Program	207	198	81
Firefighter Assistance Grants <sup>2</sup>	941	648	293
FEMA	3,084	2,731	3,093
—Readiness, Mitigation, Response, and Recovery	1,271	1,071	237
—Public health programs <sup>3</sup>	32	134	34
Customs and Border Protection	5,325	5,898	6,580
Immigration and Customs Enforcement	2,987	3,630	4,444
Transportation Security Admin.	5,719	5,870	6,223
U.S. Coast Guard	6,324	6,812	7,117

**Notes**

1. These are grant programs intended to improve ability of police, fire, emergency services to respond to a terrorist attack.
2. This grant program dates back to 1974 but, in the FY07 budget "The competitive, peer-review grant process will give priority to applications that enhance capabilities needed for terrorism response and other major incidents."
3. Supports the National Disaster Medical System.

TABLE 8

**Department of Health and Human Services**

(\$ Millions)

Program	FY2005 (Actual)	FY2006 (Estimated)	FY2007 (Estimated)
Total Dept. budget (discretionary) <sup>1</sup>	67,780	67,439	68,278
Health Resources and Services <sup>2</sup>	6,908	6,701	6,447
Centers for Disease Control	4,985	6,450	6,387
Temporary Assistance to Needy families	17,226	17,050	17,050
LIHEAP <sup>3</sup>	2,162	2,181	2,782
Social Services Block Grant <sup>4</sup>	1,700	2,250	1,200
Children and Family Services <sup>5</sup>	9,036	9,003	8,269
Administration on Aging	1,400	1,371	1,339
Public Health and Social Services Emergency Fund <sup>6</sup>	3,487	4,779	574

**Notes**

1. FY2007 allocation includes \$2.3 billion for influenza preparedness.
2. Two of the programs hit hardest in FY2007 include: Universal Newborn Hearing Screening gets zeroed out, having received \$10 million in 2006; Children's Hospitals Graduate Medical Education (GME), goes to \$99 million, after getting \$297 million in 2006. Budget is proposing reform that "will focus payments on those hospitals with the greatest financial need that treat the largest number of uninsured patients and train the greatest number of physicians."
3. \$1 billion of the FY07 is mandatory funding that could be moved to FY06 by the Congress. However, that \$1 billion is FY2007 only. OMB's five-year projection shows the program declining to about \$1.7 billion in 2011.
4. \$550 million of the 2006 appropriation from emergency supplemental for 2005 hurricanes.
5. Reduction on FY07 appropriation comes from elimination of community services programs, which the budget says are low performing or duplicating other Federal programs.
6. This is the bioterrorism response program.

TABLE 9

**Department of State**

(\$ Millions)

Program	FY2005 (Actual)	FY2006 (Estimated)	FY2007 (Estimated)
Total Dept. budget (discretionary)	29,808	30,182	33,859
Andean Counterdrug Initiative	828	727	695
USAID			
—Development Assistance	1,390	1,524	1,282
—Child Survival and Health Programs	1,622	1,644	1,433
—Assistance for East Europe and Baltic States	333	361	274
—Assistance to Independent States of the Former Soviet Union	546	514	441
—International Disaster and Famine Assistance	823	417	349

TABLE 10

**Commerce Department**

(\$ Millions)

Program	FY2005 (Actual)	FY2006 (Estimated)	FY2007 (Estimated)
Total Dept. budget (discretionary)	6,333	6,375	6,139
NOAA (General and special funds)	3,131	3,169	2,940
(Procurement)	1,085	1,205	1,025

TABLE 11

**Corps of Engineers Civil Works**

(\$ Millions)

Program	FY2005 (Actual)	FY2006 (Estimated)	FY2007 (Estimated)
Total Dept. budget (discretionary)	4,678	5,329	4,733
Construction Program	2,391	2,617	1,809
—Locks and Dams	153	208	129
Operations and Maintenance	1,617	1,396	1,339
—Channels and Harbors	137	124	95
—Locks and Dams	410	410	350
—Reservoirs	378	328	330
Flood Control (Lower Mississippi)	348	402	278

TABLE 12

**Department of Transportation**

(\$ Millions)

Program	FY2005 (Actual)	FY2006 (Estimated)	FY2007 (Estimated)
Total Dept. budget (discretionary)	59,778	61,842	63,637
FAA	14,089	14,328	13,774
Grants in Aid for Airports	3,672	3,515	2,750
Facilities and Equipment <sup>1</sup>	2,663	2,697	2,659
Research, Engineering and Development <sup>1</sup>	130	159	146
Federal Highway Programs	34,152	35,571	39,083
Amtrak <sup>2</sup>	1,207	1,284	900
Next Generation High Speed Rail	15	18	0

**Notes**

1. Funded by Airport and Airway Trust Fund.
2. Amtrak's operating subsidy is to be divided into two accounts: \$500 million for capital requirements and \$400 million for operating expenses contingent on efficiency gains.

TABLE 13

**Department of Veterans Affairs**

(\$ Millions)

Program	FY2005 (Actual)	FY2006 (Estimated)	FY2007 (Estimated)
Total Dept. budget (discretionary)	30,374	32,595	34,632
Medical Services	23,107	25,493	28,424
Medical and Prosthetic Research	469	473	454

**Note**

Other than medical and prosthetic research, most line items in the VA health budget get increases. The unanswered question is whether those increases are sufficient to meet the growing needs of World War II veterans (especially for nursing home care) and Iraq and Afghanistan veterans. The budget also proposes \$250 enrollment fee and \$15 prescription drug co-pay for category 7 and 8 veterans, which is projected to bring in \$795 million, but also reduce the number of veterans expected to enroll in the VA health care system by about 200,000. This same proposal was rejected by the Congress, last year, and is expected to be rejected again this year. Nonetheless, this \$795 million plus \$1 billion resulting from supposed new management efficiencies are included in the budget. A GAO report requested by Rep. Lane Evans (D-Ill.), the ranking Democrat on the House Veterans Affairs Committee, questions whether such management efficiencies even exist.