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PRESIDENT'S PROPOSED BUDGET WOULD CUT CALIFORNIA PROGRAM FUNDING BY \$10 BILLION OVER FIVE YEARS

[Sacramento] – President Bush's proposed budget would reduce the amount of federal funds California receives for domestic programs by \$10 billion over five years, according to a new analysis by the California Budget Project (CBP). Drawing on estimates prepared by the Center on Budget and Policy Priorities in Washington, D.C., the CBP analysis looks only at "discretionary" spending, which does not include other cuts proposed by the President in Medicaid, food stamps, farm subsidies, or other entitlements.

"The President's proposals will aggravate California's fiscal problems," said CBP Executive Director Jean Ross. "The program cuts are significant and get deeper every year."

Based on data the Office of Management and Budget has provided to Congress on the levels of funding that various domestic program categories would receive under the budget in each of the next five years, the Center on Budget and Policy Priorities provides estimates of projected funding reductions through 2010 in a variety of areas as well as the number of families or individuals in each state who would lose assistance in various programs. The study also estimates the total amount that each state would lose in federal grants-in-aid to state and local governments.

The largest proposed reductions are in elementary and secondary education, where California is estimated to lose \$1.2 billion in federal funding over the five-year period. Special education funding alone would decline by \$815.8 million over that same period. School improvement programs – which fund teacher training, educational technology grants, and before- and after-school programs – would lose \$478.9 million over five years.

"The President's budget priorities do not reflect those of most Californians. The President wants to shift federal dollars away from children, the environment, and working families to the very wealthy," said Ross. "Poll after poll shows that education is a top priority for Californians, and these proposed federal cuts will make it harder to improve our public schools."

Programs for children and families would also be hard hit. The President's budget would trim 52,900 families from the Section 8 Housing Choice Voucher Program, the nation's largest rental assistance program, in 2010; reduce funding for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), which would serve 108,700 fewer California children and pregnant and breastfeeding women in 2010 than it currently serves; and cut \$75.7 million for

HIV/AIDS treatment and services between 2006 and 2010. The President's proposals would also freeze child care block grants at 2005 levels and reduce the number of Head Start slots by an estimated 12,900 in 2010 compared to 2005.

California's ability to cope with these reductions will be complicated by the President's previous and proposed tax cuts, which also have significant consequences for the state budget. For example, the phase-out of the federal estate tax, enacted in 2001, will cost the state over \$1.1 billion in lost revenue in 2005-06.

"Governor Schwarzenegger says that he wants to boost the amount of federal money that comes to California," said Ross. "The single most important thing that he can do to achieve this goal is work with his fellow governors to urge Congress to reject proposals that reduce aid to states and localities."

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The California Budget Project (CBP) was founded in 1994 to provide Californians with a source of timely, objective, and accessible expertise on state fiscal and economic policy issues. The CBP engages in independent fiscal and policy analysis and public education with the goal of improving public policies affecting the economic and social well-being of low- and middle-income Californians. General operating support for the California Budget Project is provided by foundation grants, individual donations, and subscriptions.

The CBP Budget Brief is available at www.cbp.org.

The Center on Budget and Policy Priorities (CBPP) is a nonprofit, nonpartisan research organization and policy institute that conducts research and analysis on a range of government policies and programs. The full CBPP analysis, *Where Would the Cuts Be Made Under the President's Budget?*, is available at www.cbpp.org.