

For Immediate Release
February 22, 2007

Contact: Charity Eleson 284-0580 ext 302
Jon Peacock 284-0580 ext 307
Julie Landrie 284-0580 ext 303

Wisconsin Hit Hard by the President's Proposed Budget
Cuts to Domestic Discretionary Programs Severe for Many Kids and Families

(Madison) –Today the Wisconsin Council on Children and Families expressed opposition to the President's 2008 budget proposal which would weaken a broad range of government services, from education, to environmental protection, to child care. It would also extend tax cuts that provide large benefits to the very wealthy.

“Wisconsin is in no position to absorb the impact of more than \$600 million in reduced federal funding for critical services over the next five years. We hope Congress objects to this disastrous plan and at least meets the obligations needed to simply maintain the status quo,” said Charity Eleson, Executive Director of the Wisconsin Council on Children and Families.

Projected Cuts for Wisconsin under President's FY 2008 Budget Plan
For state and local grants in aid (excludes Medicaid and SCHIP)

	Change in Millions of Dollars (relative to FY 07, adjusted for inflation)		
	FY 2008	FY 2012	5-year cut (2008-2012)
Elementary and Secondary Education		-34.5	-117.4
Vocational and Adult Education	-15.8	-18.2	-86.1
Child Care & Development Block Grant	-0.6	-1.8	-6.6
Head Start	-3.1	-8.7	-33.4
EPA Clean Water/Drinking Water Revolving Fund	-11.9	-15.3	-69.9
Low-Income Home Energy Assistance	-15.0	-18.8	-85.8
Community Services Block Grant	-7.8	-8.4	-40.3
Public Housing Capital Fund	-4.1	-4.8	-22.0
Community Development Block Grant	-13.7	-17.9	-81.2
State & Local Law Enforcement Formula Grants	-9.5	-10.2	-49.3
WIC- Supplemental Nutrition Program for Women, Infants & Children	+1.1	-3.2	-8.5
Social Services Block Grant	-9.4		
	-\$89.8	-\$141.8	-\$600.5

The Council released projections of the effects in Wisconsin of the proposed cuts to discretionary spending in the coming fiscal year and over the next five years. Those projections (shown in the table above) come from an analysis this week by the Washington, DC-based Center on Budget and Policy Priorities. (You can find the CBPP report at: <http://www.cbpp.org/2-21-07bud.htm> .)

The total cuts for Wisconsin in a dozen discretionary programs would be almost \$90 million in 2008 and would total more than \$600 million over the next five years (through FY 2012). The CBPP report does not include cuts in mandatory programs, such as Medicaid and the State Children's Health Insurance Program, which would also be cut significantly, because it is very difficult to quantify the state-by-state effects of those cuts.

According to the CBPP analysis, some of the specific effects of the President's proposed budget for Wisconsin would include:

- A cut in Wisconsin's K-12 education funding of more than \$117 million over the next five years, relative to the 2007 level adjusted for inflation.
- Low-Income Home Energy Assistance Program funding for Wisconsin would be cut by \$15 million in 2008 (in inflation-adjusted terms), which is likely to cut 26,500 Wisconsin households from the program next winter.
- An \$8.5 million reduction over the next five years in the WIC supplemental food program for low-income Wisconsin women, infants, and children, which would mean that 4,600 people would be kicked off the program.
- A reduction of \$33.4 million in Head Start funds over the next five years, relative to the 2007 level adjusted for inflation.
- The complete elimination of the Commodity Supplemental Food Program, which helps 5,300 elderly Wisconsinites.

"These cuts could be avoided," Elson said, "if Congress and the President would simply choose not to extend tax cuts that provide windfall gains to the very wealthy – with an average benefit for millionaires of \$162,000 in 2012 alone."

Although the new CBPP analysis does not include the state-by-state effect of health care cuts, it is clear that Wisconsin would be hard hit in that area as well. For example:

- The President proposes reducing the reimbursement of state costs for parents covered by BadgerCare, which would require significantly higher state spending for that program.
- The state would lose \$15.1 million, or almost 12 percent, of its federal reimbursement for Medicaid administrative costs in 2008, according to an analysis by the Washington research organization Federal Funds Information for States (www.ffis.org).

Jon Peacock, the Council's research director, noted that the new round of proposed cuts comes on top of many years of cutbacks in domestic programs. "If you compare the President's proposal to earlier years, the cumulative effects of the cutbacks are much more dramatic, and you can see why state and local governments are struggling to balance their budgets," Peacock said.

He cited as an example the federal Child Care and Development Block Grant. "Although the cuts for child care look relatively small when compared with the 2007 level, the proposed 2008 funding for Wisconsin is \$5.5 million below the 2002 funding level, adjusted for inflation," Peacock said.

"The combination of no increase in federal welfare reform funding in the last decade and erosion of the child care block grant helps explain why the state has a large shortfall in its child care subsidy budget for low-income working families," Peacock noted. Governor Doyle's budget addresses that shortfall by adding state funding, reducing eligibility for the child care subsidy program, increasing parent co-pays, and cutting reimbursement to child care providers.