

Getting U.S. Back on Track...

Congress needs to reverse the upside-down priorities
– from Washington to Iraq – that are shortchanging
Connecticut families and communities



Prepared by USAction Education Fund for release by Connecticut Citizen Action Group

August 2007

The upside-down priorities of the Bush administration and previous, Republican-led Congresses have dramatically shifted the tax burden and the burden of war onto the shoulders of working and middle-class families. In order to pay for large tax cuts for millionaires and endless war in Iraq, the administration continues to push for drastic cuts in funding for the services on which working families rely.

Now Congress is poised to reverse these upside-down priorities, but President Bush has threatened to veto any spending bill that includes more funding for vital services than his backwards budget proposal would allow. These vital services, including children’s health care, could be funded for a tiny fraction of what we are spending on the Iraq War – over \$450 billion so far and rising by over \$10 billion every month.

Members of Connecticut’s congressional delegation, especially Chris Shays, need to know how such a veto to domestic federal spending bill would hurt their constituents, and why they must stand together to override it.

Children and Youth

Every Connecticut child has a right to be healthy, to have a good education, and to have the opportunity to succeed. To deny funding for programs that would ensure these rights is to punish children for their particularly vulnerable place in society. In Connecticut, 13.92% percent of children under age five live in poverty. This is unacceptable. Congress has proposed modest funding increases for critical programs that give all children a chance to succeed, yet Bush has threatened to veto these necessary increases.

State Children’s Health Insurance Program (SCHIP)

No child should be forced to forgo quality health care just because his or her parents can’t afford to buy private insurance, yet today there are 9 million uninsured children in America. The need for increased funding for health care programs for children is obvious. In Connecticut, 8.2% percent of children – more than 71,123 – have no health insurance. As a result, the House has proposed to provide enough funding to allow an additional 5 million children to receive health insurance under SCHIP - \$50 billion over five years in new funds. Most of these children could be eligible under the current SCHIP law, but are not covered because the funding is inadequate. The Senate voted to add \$35 billion, which would allow 4 million additional children to receive health coverage.

Congress proposes \$50 billion in new funding for SCHIP, while the president proposes only \$5 billion in new funding over five years. The below table demonstrates how this would affect just Fairfield and New Haven Counties in Connecticut.

SCHIP Funding Proposals for Fairfield and New Haven Counties			
	Congress' Proposal	President's Proposal	Difference in Funding
Region 1	\$102.53 million	\$41.17 million	\$61.35 million

We should consider how different things would have been if Congress had followed different priorities. Connecticut’s share of funding of the Iraq war through 2007 – \$11.1 billion – could provide health care to Connecticut’s 4,399,425 uninsured children 17 times over. For the cost of the tax cuts for the wealthiest one percent, 274,393 Connecticut’s children could have had access to health care through June of 2007. It is time to set our national priorities straight.

1 Cost of fully funding SCHIP coverage in the United States for one year = about 53.4 days of Iraq war spending

Head Start

Head Start is a critical link to quality education for millions of preschool children from poor and working families. Its widely recognized success in improving children’s development and school readiness has resulted in its expansion and lasting presence since its inception in 1965. But in recent years, Head Start’s quality has been threatened by shrinking funds.

In Connecticut, there are 7,126 children enrolled in the Head Start program, which has been cut by 7.4 percent since 2001. If the president’s further cuts are enacted, 240 children could be cut from Connecticut’s Head Start program next year.

The president has prioritized tax cuts for millionaires and war in Iraq over our nation’s children. For the cost of Connecticut’s share of the \$56.5 billion in tax cuts for the super rich this year, 95,624 more children could be provided with Head Start in Connecticut. For the cost of Connecticut’s share of the cost of war through 2007, every three and four year old in Connecticut could be enrolled in Head Start with funds remaining.

Quality K-12 Education: A Basic Right

All children have a right to a quality education. Yet the president has threatened to veto even modest funding increases proposed by Congress for critical education programs. His budget provides Connecticut with \$1.6 million less than the House’s funding for grants to school districts with low-income students (Title I), the key element of his signature initiative, Leave No Child Behind. If the president prevents the House funding from being enacted and Connecticut loses the \$4.8 million, it would mean 81 new teachers not hired in Connecticut – breaking the promises of improved education made when Leave No Child Behind was enacted.

Overall, the president’s budget would cut elementary and secondary education funding by \$34.1 million in Connecticut over five years relative to 2007 funding levels.

2 Cost of restoring Connecticut K-12 education funding (\$34.1 million) = about 2 hours 29 minutes of Iraq war spending

For the cost of Connecticut’s share of the \$56.5 billion in tax cuts for the wealthiest one percent, 9,926 more elementary school teachers could have been hired in Connecticut, and 52 more elementary schools could have been built. Indeed, for the cost of Connecticut’s share of the cost of the war in Iraq through 2007, 159,147 more teachers could have been hired. Table A presents just a few of the education trade-offs the president has made by prioritizing war and tax cuts for the super rich over education for our children.

Table A: Education Trade-Offs for Cost of War and Tax Cuts				
	Elementary School Teachers Hired	Head Start Places for Children	New Elementary Schools Built	Music and Arts Teachers Hired
For Connecticut's share of Iraq war cost	159,147	1,533,174	835	23,512

For Connecticut's share of tax cuts for the top 1%	9,926	95,624	52	4,994
--	-------	--------	----	-------

Title I: Making Quality Education Available to All

Bush’s threatened veto of Title I funding would harm thousands of struggling children. According to the Department of Education, “More than 50,000 public schools across the country use Title I funds to provide additional academic support and learning opportunities to help low-achieving children master challenging curricula and meet state standards in core academic subjects.” According to the NEA, “Title I funding (\$12.8 billion) falls some \$12 billion short of the level authorized under No Child Left Behind (\$25 billion) – a level set specifically by Congress as necessary to serve all eligible students.” The House has proposed \$14.36 billion for Title I, \$453 million more than the president’s budget, providing needed support for the testing, assistance and evaluation programs necessary to ensure that all children receive a quality education. A veto would deny thousands of children the quality education they deserve.

3 Full Title I funding for U.S. schools (\$14.4 billion) = less than a month and a half of Iraq war spending

The Most Vulnerable Students

Sadly, Bush’s veto would also penalize the most vulnerable and historically under-funded groups the most. Special Education, School Improvement, Innovation, Safe Schools, Indian Education, and English Language Acquisition Programs would all suffer as a result of Bush’s veto. Congress has proposed moderate funding increases that would be a real benefit for Connecticut.

These increases are long overdue. Congress promised to pay 40 percent of the costs of educating students with disabilities when it enacted the Individuals with Disabilities Education Act (IDEA). Now the federal contribution only reaches 17.2 percent of the costs. The House bill increases IDEA funding by \$850 million over the president’s budget, which would mean \$9.1 million more for Connecticut, or \$126 more for each child with disabilities in Connecticut’s schools. A veto of these critical funds would make it even more difficult for the most vulnerable children in Connecticut, and particularly in New Haven and Fairfield Counties, to have a chance to succeed.

Higher Education

A presidential veto would also do harm to needed funding for higher education. The Higher Education Access Act, as passed by Congress, would increase the maximum Pell Grant to \$5,100 next year and to \$5,400 by 2011. At a time when college costs continue to rise dramatically beyond inflation rates, the president has vowed to veto this bill, too.

It is both sad and astonishing that the president would rather fund an endless war and tax cuts for millionaires than education. As of June 2007, when the cost of the war in Iraq had reached an astronomical \$456 billion, 4.7 million students nationally could have received tuition and fees for four years at a state university for the same amount of money. For Connecticut’s share of the cost of the war in Iraq through 2007, 1,407,519 scholarships for university students could have been provided. Similarly, for Connecticut’s share of the cost of the \$56.5 billion in tax cuts for the top one percent this year, 87,787 scholarships for university students could have been provided.

Nutrition and Housing

Food Stamps

In Connecticut, an about 210,288 people rely on food stamps each month. Food stamp allotments

are often as little as \$21 per week – only one dollar per meal. Congress is calling for expanding eligibility, increasing benefit levels and removing bureaucratic roadblocks to applying for, or renewing, food stamp benefits. Such an expansion would mean more people in Connecticut will be able to afford basic nutritious food. From 2003-2005, 8.2 percent of Connecticut families were “food insecure,” the U.S. Department of Agriculture’s term for lacking the money to purchase an adequate diet, up from 7.6 percent from 2003 to 2005. When young children are food insecure, they are more likely to be sick, hospitalized, and suffer developmental delays. Despite the high health and development costs of inadequate nutrition, only 48 percent of people eligible to receive the benefit in Connecticut actually received food stamps.

Congress proposes \$39.8 billion in funding for Food Stamps, while the president proposes only \$36.2 billion. The below table demonstrates how this would affect key regions in Connecticut.

Food Stamp Funding Proposals for New Haven and Fairfield Counties			
	Congress' Proposal	President's Proposal	Difference in Funding
Region 1	\$ 271.32 million	\$246.34 million	\$24.98 million

School Lunch and Summer Breakfast

Children who go to school hungry have trouble learning, so school nutrition programs allow students to focus on their studies instead of their empty stomachs. In the 2005-2006 school year, 55,926 Connecticut students participated in the school breakfast program, and 306,119 Connecticut students participated in the school lunch program on a daily basis.

Congress proposes \$8.2 billion in funding for School Lunch programs, while the president proposes only \$8.1 billion.

Public Housing Operating and Capital Funds and Housing Vouchers

Housing and shelter is a basic right. Yet, many Americans live in a state of housing insecurity and fear. The president’s veto threat is like a looming eviction notice to these families and their children.

The National Low Income Housing Coalition defines a severely burdened household as one that spends more than 50 percent of its income on housing. In Connecticut, 16 percent of families are severely burdened. There are only 76 number of affordable and available rental units per 100 households for individuals with extremely low incomes in Connecticut. The table below demonstrates the need for more affordable housing in New Haven and Fairfield Counties in Connecticut.

Affordable Housing Funding Proposals for New Haven and Fairfield Counties				
	Deficit of Affordable and Available Housing Units	Number of Rental Households	Number of Low-Income Rental Households	Share of Households Severely Burdened by Housing Costs
Region 1	7845 Units	74185	26,470	16%

As a result, programs that help the less well-off to find stable housing are particularly important. Specifically, the Public Housing Operating and Capital Fund provides assistance to families who live in this state of insecurity.

Congress proposes \$16.3 billion in funding for Housing Vouchers, while the president proposes only \$16 billion. The below table demonstrates how this would affect key regions in Connecticut.

Housing Voucher Funding Proposals for New Haven and Fairfield Counties			
	Congress' Proposal	President's Proposal	Difference in Funding
Region 1	\$113.99 million	\$111.69 million	\$2.3 million

A presidential veto of Congress' funding proposals would mean more families living on the street in Connecticut. We can do better.

The housing crisis is yet another example of how the president refuses to get America's priorities right. Indeed, for the cost of the Iraq war through June 2007, 1 million affordable housing units could have been built nationally. For Connecticut's share of the cost of the president's \$56.5 billion in tax cuts for the top one percent, 3,327 more affordable housing units could have built in Connecticut. For Connecticut's share of the cost of the war in Iraq through 2007, 53,336 more of these same homes could have been built.

Low Income Housing Energy Assistance Program (LIHEAP)

Similarly, families who struggle to find housing also often struggle to heat their homes in the winter and cool their homes in conditions of extreme heat. The Low Income Home Energy Assistance Program (LIHEAP) provides heating and cooling assistance so that children, the elderly and other vulnerable members of our community do not suffer. In the United States, between the winter of 2002 and the winter of 2007, heating oil costs rose 44 percent, while electricity bills rose 17 percent and natural gas bills rose 35 percent. Yet help for families in paying these costs, through the Low Income Home Energy Assistance Program (LIHEAP), has not kept pace. Only about 16 percent of eligible households receive this help and assistance averages only \$314 per year. The president's cutback would reduce average aid to only \$256.

Despite rising energy costs, the president's budget would slash LIHEAP from its current meager funding of \$2.16 billion down to \$1.78 billion in 2008. As a result, the Center on Budget and Policy Priorities calculates that the program will serve 978,000 fewer families nationwide in 2008 than in 2007. In one of the biggest turn-arounds on priorities, the House budget increases LIHEAP funding by more than \$500 million over this year, to \$2.66 billion – a full \$880 million more than the President's request.

Yet, Bush has even threatened to veto necessary increases for this program. Congress proposes \$1.9 billion in funding for LIHEAP, while the president proposes only \$1.5 billion. The table below demonstrates how this would affect key regions in Connecticut.

LIHEAP Funding Proposals for New Haven and Fairfield Counties			
	Congress' Proposal	President's Proposal	Difference in Funding
Region 1	\$32.3 million	\$24.47 million	\$7.83 million

Connecticut's Working Families

While Bush continues to give away billions in tax cuts to the super rich, working families are having a harder and harder time getting by. Americans share the belief that equal opportunity and hard work should allow people to get ahead and provide for their families. But Bush's reckless tax breaks and irresponsible budget cuts have created such extreme levels of inequality that the same rules no longer apply, and the children of working families are paying the highest price.

Child Care

By the administration's own calculation, budget cuts have already meant that 150,000 fewer children nationwide were in subsidized care in 2006 than in 2000. Now the administration is threatening cuts that would deprive another 300,000 children of the opportunity for a good start by 2010.

The Child Care & Development Block Grant provides funds to the states that can be used to assist low-income families with the high cost of child care. But the president's child care cuts would amount to a loss of \$ \$3.2 million in Connecticut over the next five years. In Connecticut, 60.46% percent of children under age six live with working parents. Child care funding is particularly important for these parents and for those who wish to move from welfare to work. The president's cut will make it more difficult for working parents in Connecticut to keep their jobs or move from welfare to work and provide for their families.

4 Cost of restoring Connecticut child care funds (\$3.5 million) = about 15 minutes of Iraq war spending

Child Support

The goal of the child support enforcement program is to ensure that children receive financial and medical support from both parents. Child support, which helps to bring 1 million kids out of poverty every year, improves the lives of millions of children around the country and is particularly important for single-parent working families. In 2006, the Child Support Enforcement Program (CSE) served 17.2 million American children and collected \$24 billion. The income families gain from effective enforcement allowed more than 300,000 families to leave public assistance in 2004.

Child support enforcement is cost-effective: for every dollar spent on the program, \$4.58 is collected by the depended family. Yet despite this record of success, in January 2006, Bush and the Republican Congress cut the funds that help pay the state and county staff who collect support owed to children. In Connecticut, this meant a loss of about \$ 7.1million in federal funds. Connecticut's children will lose an estimated \$5.5 million next year alone in support owed to them unless this cut is reversed.

5 Cost of restoring Connecticut child support funding (\$5.4 million) = about 24 minutes of Iraq war spending

Job Training

Vocational training programs are critical to working families. Without these programs, many who wish to work could not learn the skills necessary to find a job. But President Bush's budget would cut \$9.3 million from Connecticut's 2004 vocational education funding level (adjusted for inflation). The House education funding bill for fiscal year 2008, on the other hand, would reject the cuts and restore more than \$600 million to Career and Technical Education Title I State Grants.

Other programs that would fail to meet current needs as a result of a Bush veto include adult job training, youth job training and employment services. The president's insistence that people work their way out of poverty rings false when he stands in their way as they attempt to obtain the necessary skills to do so.

6 Cost of fully funding U.S. job training (\$600 million) = about 44 hours of Iraq war spending

Working Families Need Help Now

Imagine the difference that could be made for Connecticut families and communities if we devoted a tiny fraction of the money we're spending in Iraq every month to these priorities for children and working families. While Congress is trying to address these priorities, the president's veto threat is a rejection of the needs of America's children and working families.

Tax Fairness

Not only is President Bush shortchanging critical priorities in favor of funding the endless Iraq War, the Bush Administration continues cutting taxes for the very wealthy, resulting in alarming levels of wealth and income inequality. In our state only 0.7 percent of the population – received an average \$119,600 tax cut in 2007, while the programs described above have suffered and would lose even more important funding if Bush follows through with his veto threat.

>From the early 1980s to the early 2000s, while the top fifth of income earners in Connecticut saw their income grow by 67 percent, the income of the lowest fifth income percentile grew by only 13.1 percent, and the income of the middle fifth percentile saw only a 31.7 percent increase in their incomes. Nationally, over this same time period, while the average income of the bottom quintile of income earners increased only slightly from \$14,114 to \$16,778, the income of the top five percent jumped from \$109,195 to \$201,707.

Make no mistake: America's health care, child care, employment training, education and other critical programs have all suffered to make way for tax cuts for millionaires and the endless war in Iraq. While Americans have always praised rewards for work, Bush's tax and budget cuts play a cruel trick on the hardest-working Americans by depriving them of a fair chance to be successful.

It hasn't always been this way. According to economist Paul Krugman, between 1947 and 1973, "incomes of all groups rose at roughly the same rapid clip, more than 2.5 percent annually. That is, the Good Years were about equally good for everyone." But over the years, the tax system has become less and less progressive, hurting working families in the process.

The Bush tax cuts are only making matters worse. According to the Center on Budget and Policy Priorities, "the [Bush] tax cuts made the distribution of after-tax income *more* unequal." When the 2001 and 2003 Bush tax cuts are fully in effect, they will increase the after-tax incomes of households with more than \$1 million in income by 7.5 percent, but by only 2.3 percent for households in the middle and .5 percent for the lowest 20 percent of income earners.

Conclusion

Bush's threat to veto critical programs while at the same time spending billions of dollars on tax cuts for the super rich and the war in Iraq show his true priorities – and how out of touch he is

with the needs of America's working families. It is astonishing and sad that the president will spend nearly *half of a trillion dollars on a tragic war with no end in sight*, but refuses even the modest funding necessary for children and working families. The congressional funding proposals aren't enough, but it's going to take a lot of work to undo the damage done by Bush and the previous Republican congresses. Fortunately we have the opportunity to turn around America's priorities through the modest financial investment proposed by the 110th Congress.