

JANUARY 5, 2004

**SCHAKOWSKY: BUSH ADMINISTRATION'S MISSTATEMENT OF THE DAY -  
FY'05 BUDGET**

**WASHINGTON, D.C. - U.S. Representative Jan Schakowsky (D-IL) issued today's "Bush Administration's Misstatement of the Day" on the FY'05 budget.**

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**During his campaign for President, then Governor Bush proclaimed himself a "compassionate conservative."□ However, according to a 1/4/04 *New York Times* article:**

**They [Bush Administration officials] said the president's proposed budget for the 2005 fiscal year, which begins Oct. 1, would control the rising cost of housing vouchers for the poor, require some veterans to pay more for health care, slow the growth in spending on biomedical research and merge or eliminate some job training and employment programs.□**

□ *The New York Times*

**January 4, 2004□ By ROBERT PEAR**

**Facing a record budget deficit, Bush administration officials say they have drafted an election-year budget that will rein in the growth of domestic spending without alienating politically influential constituencies.**

**They said the president's proposed budget for the 2005 fiscal year, which begins Oct. 1, would control the rising cost of housing vouchers for the poor, require some veterans to pay more for health care, slow the growth in spending on biomedical research and merge or eliminate some job training and employment programs. The moves are intended to trim the programs without damaging any essential services, the administration said.□**

**Even with the improving economic outlook, administration officials said, the federal budget deficit in the current fiscal year is likely to exceed last year's deficit of \$374 billion, the largest on record.**

**The Congressional Budget Office and the White House budget office have projected a**

deficit of more than \$450 billion this year.

But Joshua B. Bolten, director of the White House Office of Management and Budget, has said the president's policies will cut the deficit in half within five years, through a combination of economic growth and fiscal restraint.

Mr. Bush's budget request, to be sent to Congress by Feb. 2, includes several tax cut proposals, including new incentives for individual saving and tax credits to help uninsured people buy health insurance. The Democratic candidates for president have accused Mr. Bush of doing little to halt the recent rapid increase in the number of uninsured.

Administration officials said the president's budget would call for an overall increase of about 3 percent in appropriations for so-called domestic discretionary spending, which excludes the Department of Homeland Security, the Defense Department and insurance benefits like Medicare and Medicaid.

As he completes work on his budget, Mr. Bush faces criticism from conservatives, who say he has presided over a big increase in federal spending, and liberals, who say his tax cuts have converted a large budget surplus to a deficit.

Total federal revenues have declined for three consecutive years, apparently the first time that has happened since the early 1920's. But in those years, from 2000 to 2003, total federal spending has increased slightly more than 20 percent, to \$2.16 trillion last year.

Brian M. Riedl, an economist at the conservative Heritage Foundation, said: "President Bush is not focusing on his fiscal conservative base right now. He's trying to position himself in between conservatives in Congress and the Democratic Party. It may be good politics, but it's bad policy, a lost opportunity to get runaway government spending under control."

White House officials deny that they have acquiesced in a domestic spending spree. They insist, as do some liberal advocacy groups, that appropriations for domestic programs are not exploding.

Such spending, they say, will increase 3 percent in 2004, after increases of 5 percent in 2003, 6 percent in 2002 and 15 percent in 2001. Moreover, they say, increased corporate profits should lead to an increase in corporate tax payments, lifting revenues in the coming years.

Richard Kogan, a budget analyst at the Center on Budget and Policy Priorities, a liberal-leaning research and advocacy group, said the increase in military and domestic security spending in the last two years dwarfed the increase in domestic discretionary programs, which did not quite keep pace with inflation.

**"The increases for defense, international affairs and homeland security have been much greater -- and thus have played a much larger role in the return to deficits -- than the increases for domestic appropriations," Mr. Kogan said.**

**Housing officials said the administration was alarmed at increases in the cost of vouchers, which provide rental assistance to low-income families, and would take steps to prevent local housing agencies from issuing more vouchers than Congress had authorized. Congress has tentatively decided to provide \$14.2 billion for renewal of vouchers this year, an increase of about 15 percent.**

**Federal officials said they would also require families seeking housing aid to help the government obtain more accurate information on their earnings. As a condition of receiving aid, families would have to consent to the disclosure of income data reported to a national directory of newly hired employees. The directory was created under a 1996 law to help enforce child-support obligations.**

**Administration officials said the president's budget would also slow the growth of spending at the National Institutes of Health, which doubled in the last five years, reaching \$27.1 billion in 2003. Congress has tentatively agreed to provide \$28 billion this year, slightly more than Mr. Bush requested, and administration officials said they would seek an increase of 3 percent or less for 2005.**

**Budget officials defended the proposal, saying they wanted to be sure the agency was properly managing a huge infusion of federal money.**

**Mr. Bush proposed last year to double co-payments on prescription drugs for many veterans, primarily those with higher incomes and no service-connected disabilities. The White House reaffirmed its support for that proposal in November.**

**In the last week, the Pentagon has been considering a new proposal to increase pharmacy co-payments for retirees with at least 20 years of military service. Under the proposal, the charge for a generic drug would rise to \$10, from \$3, while the charge for a brand-name medicine would rise to \$20, from \$9.**

**The Military Officers Association of America criticized this as "a grossly insensitive and wrong-headed proposal." In e-mail messages to the White House, members of the association asked Mr. Bush, "Why do your budget officials persist in trying to cut military benefits?"**

**Col. Steven P. Strobridge, director of government relations at the association, said he understood that the Pentagon was now inclined to study the issue for a year and renew the proposal, as part of a systematic effort to "reduce military health care costs."**

**Administration officials said they expected Mr. Bush to seek increases of \$1 billion, or 10 percent, for the education of children with disabilities and \$1 billion, or 8 percent, in Title I grants for schools with high concentrations of students from low-income families.**

**Budget officials said they were concerned that they did not have enough money for Pell grants to keep pace with a recent surge in low-income students seeking help with college costs. They said Mr. Bush would address that problem in some way, without seeking an increase in the maximum grant, now \$4,050.**

**The budget also seeks money to train more nurses, to encourage sexual abstinence among teenagers and to recruit "volunteers in homeland security," who can respond to emergencies, including terrorist attacks.**