

FEBRUARY 26, 2002

SCHAKOWSKY BRIEFS WOMEN STATE LEGISLATORS ON IMPACT OF FEDERAL BUDGET

CHICAGO, IL - U.S. Representative Jan Schakowsky (D-IL) today briefed members of Women's Action for New Directions (WAND) and Women Legislator's Lobby (WiLL) on how the FY'03 Federal Budget will impact the states.

Below is Schakowsky's statement.

The events of 9/11 have created brand new security responsibilities for all levels of governments, including states. As you know, state officials have been working to improve security at transportation and energy facilities, dams and water supply systems, and public buildings. Many states and localities are spending unbudgeted monies for first responders - police, firefighters and emergency crews - for security personnel and for health care professionals.

As you are aware, Congress passed a \$40 billion emergency appropriations bill last year, which included \$8.3 billion in funding to help the federal government and states meet key priorities such as bioterrorism prevention, border and seaport security, airline security, and FBI counterterrorism programs. This funding will help states meet some - although perhaps not all - of those needs.

As part of the \$40 billion emergency supplemental funding bill, we provided \$2.5 billion to the Public Health and Social Services Emergency Fund at the Department of Health and Human Services and to the Centers for Disease Control and Prevention. Over a third of that amount is for the National Pharmaceutical Stockpile to treat anthrax and other infections and the purchase of smallpox vaccines.

There is over a \$1 billion to upgrade CDC facilities and capacities, including \$865 million to expand state and local capacities. In addition, we provided \$140 million to reimburse organizations that have already experienced attacks and \$135 billion to help hospitals prepare to deal with bioterrorist events.

And in his budget proposal for FY2003, the President included a total of \$33.7 billion for homeland security, a \$10.1 billion (36.5%) increase over the 2002 level, which included the emergency funding. Once again, it will be important to make sure that states and localities receive their fair share of that funding.

So far, funding and proposed funding for the war on terrorism have addressed the needs of states. But we need to look at that funding as part of the larger fiscal situation facing the states. And that situation is grim.

You know better than anyone what the states are up against.

- *45 states are not meeting revenue projections.*
- *35 states are in or close to recession*
- *28 states have exceeded budgeted spending levels*
- *At least 37 states will face budget gaps in FY2003.*
- *Medicaid spending is over budget in 23 states*
- *30 states are implementing or considering budget cuts.*
- *Two million workers are expected to exhaust their regular unemployment insurance benefits during the next six months, adding to the financial burden on states.*

We need to make sure that critical state and local initiatives are funded and funded adequately. And, as we prepare to meet the new challenges and new responsibilities created by the tragic events of 9/11, we cannot forget about the challenges and responsibilities that existed before that date and continue to exist today.

For example, we have new public health needs - everything from ensuring against food and water contamination to developing effective vaccines and distribution mechanisms to get those vaccines to the public when necessary. Given our not so benign neglect of the public health system over the past several decades, we must recognize that the \$1 billion already provided for state and local public health initiatives is just a start. We will need to do more to make sure that every community is adequately protected.

We must not let other public health efforts get short-changed. 9/11 did not wipe out the need to deal with HIV/AIDS and other sexually-transmitted disease outbreaks. It did not wipe out the need to address health care disparities or to maintain a strong safety net provider network. It did not wipe out the need to improve access to preventive and early intervention services. And it certainly did not put a break on rising Medicaid burdens on states, due to rising prescription drug costs and rising eligibility in times of recession.

□

Despite the increased funding of state public health programs to address bioterrorism,

unfortunately the President's FY2003 budget proposal doesn't provide adequate investments in the other aspects of state health needs. The budget includes a:

- *\$14.5 billion reduction over five years in Medicaid funding at a time when states are struggling to provide health services to their residents*

- *\$57 million cut for chronic disease prevention and health promotion;*

- *\$10 million cut for infectious disease control*

- *\$85 million cut from the Children's Hospital Graduate Medical Education program*

Eliminate of the Community Access Program that provides health care to the uninsured

The President's budget does not include an increase in the federal match under Medicaid - even a short-term boost as provided in H.R. 3414, the bipartisan King-Brown bill - despite plenty of evidence that this would help stimulate the economy and help ease the state fiscal crisis.

Similarly, increases in state homeland security funding are not likely to offset cuts in other federal programs. At a time when states and local governments are facing enormous burdens, additional spending needs and reduced revenues, the Bush budget cuts discretionary domestic programs by \$15.8 billion - 5% below what is needed just to maintain current services next year. Many of those cuts will have serious implications for states.

- *It cuts the Community Development Block Grant by 46%.*

- *It cuts highway transportation programs by \$9 billion.*

- *It cuts the Clean Water State Revolving Fund by \$100 million.*

- *It cuts Department of Justice law enforcement programs, including local law enforcement block grants, by 26%.*

- *It cuts the drug free schools program by 17%.*

- *It cuts funding for occupational safety and health and injury prevention by over \$30 million.*
- *It cuts funding for dislocated workers, adult training and youth training activities by more than \$500 million.*
- *It freezes funding for TANF and childcare - not even providing an increase for inflation.*
- *It even shifts much of the administrative responsibility for unemployment compensation programs to the states and cuts federal unemployment taxes.*

It is the responsibility of the President and Congress to coordinate and provide the states and local governments with necessary resources to respond to public health emergencies, improve lab capacity, train first responders and health professionals, improve communications, provide an adequate stockpile of vaccines and antibiotics, and protect food and water supplies.□

It is also our responsibility here in Washington to help states deal with the pressure of unemployment, the growing number of the uninsured, who will be turning to Medicaid and to safety net providers for help. We need to provide full funding for the new homeland security needs of states but even doing that won't be enough if, at the same time, we cut other state programs and don't increase support for Medicaid.