

FEBRUARY 14, 2002

**SCHAKOWSKY SPEAKS TO AFSCME LEGISLATIVE CONFERENCE**

**{WASHINGTON, D.C. - U.S. Representative Jan Schakowsky (D-IL) today spoke to AFSCME advocates, activists, and organizers in Washington preparing to lobby Congress on the need to address the emergency fiscal situation facing the states.**

**Last week, we received the President's budget proposal for next year and the coming decades. As you can see, it is quite literally wrapped in the flag. The Administration is using our nation's proud symbol as camouflage for its policies - trying to get us to believe that those policies reflect our national values and priorities. But, as you've been taught since childhood, you can't always tell a book by its cover.**

**Despite the flag on the cover, the contents of this book do not reflect our national values and will not come close to meeting our national needs.**

**We in Congress agree with the President that we must act together to respond to the tragic events of September 11. We need to provide the resources necessary to combat terrorism, to rebuild New York City, to assist laid-off workers and their families, and to restore our public health system. We stand together in meeting those goals. But we cannot and we must not be duped into supporting a budget that places a higher priority on providing tax cuts to the wealthy than on assisting hard-hit states, protecting Social Security and Medicare, or helping laid-off workers and their families.**

**A year ago, we enjoyed a \$5.6 trillion budget surplus. We had the opportunity to use that surplus to meet persistent and ongoing priorities - expanding access to health care, adding a comprehensive prescription drug benefit to Medicare, modernizing schools, providing affordable housing.**

**Today, \$4 trillion of that budget surplus is gone, it's disappeared. That money didn't go to fighting terrorism. It didn't go to building schools or homes or providing affordable prescription drug coverage. It wasn't sent to the states to help them meet education, transportation, housing, law enforcement and safety, or social services needs. So, where did it go? The single biggest reason for that disappearance is the Bush tax cut enacted last summer. It went into the Bush agenda of giving tax breaks to the wealthy and reducing federal revenues. The non-Social Security surplus disappeared last summer - even before September 11.**

**The Bush mantra is to give to the rich and take from the rest of us. And, despite the events of September 11, that mantra hasn't changed. It's just gotten louder and bolder.**

**Just look beneath the cover of the Bush budget book.**

**What's in this book? A Bush budget that would result in a \$1.5 trillion budget deficit over the next 10 years. Think about it - we will have gone from a \$5.6 trillion surplus to a \$1.5 trillion deficit over the course of a year.**

**A Bush budget that includes a \$48 billion increase in defense spending, less than half of which would actually go for homeland defense. The increase alone is bigger than any other country's entire military budget. And our defense budget is already bigger than the defense budgets of all the NATO countries, Japan and South Korea combined.**

**A Bush budget that cuts non-discretionary domestic programs by \$15.8 billion - or 5% -- below what is needed just to maintain current services next year, \$200 billion less than is needed just to keep pace over the next 10 years.**

**A Bush budget that not only doesn't address the enormous burdens facing state and local governments but actually cuts funds. As states are struggling to deal with the additional spending needs and reduced revenues created by the recession and the new costs of homeland defense, this budget doesn't provide a leg up but a slap in the face.**

**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.**

**States and localities are cutting funding, imposing hiring freezes and furloughs. Instead of putting people to work, they are canceling capital projects and cutting back on**

**purchases. Instead of being able to provide health care to laid-off workers and families who don't have insurance, states are cutting Medicaid eligibility and payments and benefits and imposing new cost-sharing obligations. They are cutting benefits to low-income elderly and disabled recipients of SSI and families with dependent children.**

**My own state of Illinois is facing about a \$500 million shortfall this year and Governor Ryan is talking about privatizing state facilities, laying off public employees, across-the-board cuts in state agencies, significant reductions in Medicaid payments to hospitals and other providers, and cuts in education.**

**So what does this Bush budget do for the Illinois and every other state?**

- **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 child care - 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.**

Everyone, it seems, is being asked to sacrifice - working families, students, poor women and children, senior citizens. With one exception.

The one thing off the table - not even open for discussion by President Bush - is to ask the wealthiest Americans to "sacrifice" by foregoing future tax cuts - tax cuts that were enacted but will not be implemented until 2004 and 2006. Those tax cuts will put an additional \$50,000 a year in the pockets of the wealthiest one percent but they provide virtually nothing to 97.5% of all Americans. Those tax cuts, if they are allowed to go into effect, will exceed the entire Social Security deficit over the next 75 years.

And, as if that is not enough, the Bush budget includes \$675 billion in new taxes for the wealthy and big corporations, and \$343 billion to make last summer's estate tax cuts permanent.

The tax cuts in the Bush budget are 50 times the funding levels for education. They are over three times the amount set aside for Medicare and prescription drug coverage. They even exceed the amount of increased funds requested for defense and homeland security. And we will be stealing from Social Security and Medicare to pay for them.

These tax breaks may be George Bush's priority but they are the wrong priority. And they are preventing us from meeting our real priorities.

We need to pass H.R. 3414, the State Budget Relief Act of 2001, bipartisan legislation that would temporarily increase the federal share of Medicaid spending to help states dealing with rising health care costs. (The bill has 93 cosponsors).

We need to stop the domestic spending cuts proposed in this budget and increase funding to help states and localities deal with the recession, health care and new homeland security responsibilities.

We need a real economic stimulus package that will put people to work and keep people working. Throwing \$15 billion at the airline industry didn't save 100,000 jobs. Giving Enron a \$254 million payment by eliminating the alternative minimum tax won't save their workers. A tax cut that hands Bill Gates an extra \$50,000 won't help either. But giving states and localities funds to fix schools and build new ones, undertake transportation projects, hire health care workers, put people to work protecting our environment and train workers will provide real economic stimulus.

We need to stop tax cuts that reduce federal revenue and prevent us from meeting critical needs. And we must understand that state taxes are often linked to federal tax levels. We must not take federal action that reduces state revenues without providing offsetting state assistance.

The Bush administration has proposed what some analysts have labeled the "guns and caviar" budget - only the Department of Defense and the wealthy get taken care of. We cannot afford to give the wealthy caviar while so many are being put on a starvation diet.

**That is why, working with AFSCME and others, I introduced H.R. 2999, the First Things First bill. This bill puts on hold about \$340 billion in tax cuts that benefit the top of the heap until we:**

- Secure American and responding to September 11, including providing job training and addressing unemployment**
  
- Add a comprehensive drug benefit to Medicare**
  
- Guarantee Social Security and Medicare for future generations**
  
- Hire enough teachers to provide 21st century learning to our children**
  
- And attack the affordable housing crisis in this country.**

**While I no longer serve in the Illinois legislature, as a member of the U.S. House of Representatives I am still committed to helping my state and states around the country deal with this crisis. And that's why I am so opposed to the Bush budget. And that is why I am so glad you are here today.**

**We can assist the states, stimulate the economy, and help working families all at the same time. But your action is necessary to make sure that Congress makes the right choices.**