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President's Budget Reflects Wrong Priorities for Arkansas and the Country *Child advocacy group releases detailed impact of budget on Arkansas*

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Little Rock, Arkansas— Today, Arkansas Advocates for Children & Families expressed opposition to the Administration's proposed 2008 budget, which would weaken a broad range of government services — from education to environmental protection to child care — while extending tax cuts that provide windfall gains to the very wealthy but saddle future generations with large debts.

“This budget says that maintaining investments in areas like education, the environment and help for low-income people isn't as important as extending tax cuts, including tax cuts for millionaires. Those are the wrong priorities — for Arkansas and for the country,” said Rich Huddleston, AACF executive director.

The President's budget would shift billions of dollars in costs on to Arkansas and other states, forcing them either to raise taxes to compensate for the lost federal funds or scale back key public services. Moreover, even as it “passed the buck” to states, the budget would *worsen* the federal government's budgetary situation, because the tax cuts would cost much more than the program cuts would save.

“This budget is also a recipe for greater inequality, despite recent remarks by President Bush and the Federal Reserve Chairman highlighting the alarming growth in inequality,” Huddleston added. Under the President's budget, the average millionaire will receive \$162,000 in 2012 alone (and nearly that much in the four preceding years as well), while funding cuts could harm millions of low- and moderate-income families. Many families could end up losing child care assistance, help paying winter heating bills and other needed assistance.

Some programs that help large numbers of Arkansans would be eliminated entirely. Other programs would be cut deeply over the next five years. For example, according to a report released today by the Center on Budget and Policy Priorities, the budget would:

- ***Cut Arkansas' K-12 education funding by \$65.3 million over the next five years relative to the 2007 level adjusted for inflation.*** The President's proposals would take back much of the additional funding Congress provided to help states implement the federal No Child Left Behind law. Under the President's proposal, **nationally** K-12 education funding would be \$6.3 billion lower in 2012 than it would be if funding were at the 2003 level adjusted for inflation. “*We simply can't produce the results everyone wants for our schools if the federal government is going to renege on its funding commitment,*” said Huddleston.



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- ***Cut Arkansas' child care funding by \$5.6 million over the next five years relative to the 2007 level adjusted for inflation. Federal child care funding stands well below its levels in 2002 (after adjusting for inflation).*** Even before these cuts, most children eligible for child care assistance under federal rules did not receive it due to funding shortages. The proposed cuts would only worsen this problem. The Administration's own data show that the number of children receiving child care assistance would fall to 2 million in 2010, down from 2.45 million in 2002, under proposed funding levels. *"If we want to support working parents and ensure that our kindergartners are ready to learn, then we need to invest in a first class child care and early education system. This budget goes in the opposite direction, leaving more children without the child care help they need,"* said Terrie Baker, CEO of Child Care Connections.
- ***Cut Arkansas' Head Start funding by \$2.2 million next year and by \$23.7 million over the next five years relative to the 2007 level adjusted for inflation.*** These cuts would come on top of cuts already made to the program. Under the President's budget, funding in 2008 would be 10.8 percent lower than in 2002 (taking inflation into account). This loss in funding since 2002 would mean that Head Start programs in Arkansas would get \$7.8 million less in 2008 than would be the case if funding had kept pace with inflation.

Faced with these funding cuts, Arkansas' Head Start programs have several choices. They can serve fewer children; cut back on qualified teachers' salaries, classroom materials, and the comprehensive services they provide to children; or they can try to raise money from other sources. *"Head Start is a key part of how Arkansas ensures that low-income children come to kindergarten ready to learn. We need more children — not fewer — to have access to these programs and we need to invest, rather than scrimp, in initiatives to improve the quality of the programs,"* said Barbara Sisco, President, Arkansas Head Start Association.

- ***Cut Arkansas' funding for low-income energy assistance by \$2.9 million next year and by \$16.4 million over the next five years compared to the 2007 level adjusted for inflation.*** The Low-Income Home Energy Assistance Program (LIHEAP) provides funding to states to help vulnerable households pay their home heating and air conditioning bills. Most households that receive LIHEAP include someone who is elderly or a person with disabilities. The increase in energy prices over the past few years has made LIHEAP more important than ever. Yet the President's budget would cut LIHEAP funding by roughly \$420 million next year and even more after that, forcing states to cut back on the number of people helped or the amount of assistance. *"Too many households — including our vulnerable elderly — already struggle to pay their utility bills, especially as energy prices have soared in recent years. This budget will leave more households out in the cold,"* said Reverend Steve Copley, Senior Pastor, First United Methodist Church, North Little Rock.



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- ***Cut Arkansas' funding for clean and safe drinking water by \$2.9 million next year and by \$16.9 million over the next five years relative to the 2007 level adjusted for inflation.*** Some of the biggest cuts in the President's budget would come in environmental programs. For example, EPA **provides resources** to states for sewage treatment plants and clean drinking water and wastewater infrastructure projects would be cut significantly. Under the budget, these grants would be 40 percent smaller in 2008 than in 2001, after adjusting for inflation. *"Protecting the environment and public health, as well as ensuring safe and clean water is a core public mission. This budget turns its back on that responsibility,"* said Bill Kopsky, executive director for the Arkansas Public Policy Panel.
- ***Cut Arkansas' community development funding by \$5.6 million next year and by \$33.4 million over the next five years relative to the 2007 level adjusted for inflation.*** The Community Development Block Grant (CDBG) helps fund a broad range of community development activities in Arkansas and other states, including housing and homelessness programs, improvements to public facilities such as senior and youth centers, and economic development. Although CDBG already has seen substantial funding cuts in recent years, the Administration's budget would slash it by an additional 21 percent in 2008, and more in later years. These cuts will make it harder for communities across Arkansas to rehabilitate run-down buildings, combat homelessness, and bring development to struggling communities.
- ***Eliminate a set of grants that assist state and local law enforcement, costing Arkansas' \$5.3 million in guaranteed funding next year and \$27.6 million in guaranteed funding over the next five years.*** The budget would replace the Justice Assistance Grant (which supports a wide range of law enforcement activities, including crime prevention and corrections) and the State Criminal Alien Assistance Program (which helps offset the cost of incarcerating undocumented immigrants), along with several related programs, with two much smaller competitive grant programs. **The new programs would receive only about half of the funding of the programs they replace**, and while some states would qualify for funding under the new programs, there is no way to know how the funds would be distributed.

In addition to the proposals in the President's budget, Congress faces important decisions this year about other programs as well. The Food Stamp Program and the State Children's Health Insurance Program (SCHIP) are both up for renewal in 2007, and Arkansas Advocates for Children & Families urges Congress to strengthen these highly successful programs so they can help more of those who need it. While food stamps have made major inroads against hunger and malnutrition in this country, food stamp benefits often are not enough for a family to afford a nutritious diet, and many people who need help are not eligible. Similarly, while SCHIP has helped reduce the share of low-income children who are uninsured, states will need additional funds in coming years to maintain their SCHIP programs and cover more of the uninsured.



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“In recent years, as the federal government has enacted huge tax cuts that disproportionately benefit the wealthy, it has underinvested in a wide range of areas that improve Americans’ quality of life and strengthen the safety net for the needy,” said Huddleston. “It’s time now to set a new course. By making the right choices, Congress can craft a budget that meets Arkansas’ priorities while charting a more fiscally responsible course than the President has laid out.”

Arkansas Advocates for Children & Families is a nonprofit child advocacy organization whose mission is to ensure that all children and families have the resources and children have the resources and opportunities they need to lead healthy and productive lives and realize their full potential.

On the web at www.aradvocates.org.