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## Statement on President Bush's Federal Budget Release

### *Arkansas's Working Families Could Be Left Out in the Cold*

By Rich Huddleston, Executive Director  
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President Bush's recently proposed federal budget reflects the wrong priorities for America and would do serious harm to the people of Arkansas. It would extend hundreds of billions of dollars in tax cuts — steered disproportionately to the wealthy — that our state can't afford, provide too little for important programs and pursue various Medicaid changes that would shift billions of dollars in costs to the states and weaken health coverage for vulnerable people.

**The budget makes it harder for Congress to provide needed funding in a wide range of areas of importance to Arkansans, including education, medical research, environmental protection, veterans' health care, law enforcement, child care and nutrition assistance for low-income seniors.**

It does so by setting an overall ceiling on funding for domestic programs that is roughly \$15 billion below the amount needed simply to maintain the current level of services (that is, to offset the effects of inflation). By threatening to veto spending bills that would exceed this amount — as he did last year — the President and his congressional allies could prevent Congress from funding these programs adequately as long as he remains in office.

If this budget were to take effect, it would have a potentially devastating impact on families and would put an increased burden on states at a time when economies are extremely vulnerable. We will be faced with tough choices - either cut vital services that families depend on or raise taxes.

While no state budget cuts appear imminent in Arkansas, the threat of an uncertain economy in the future could pose a threat to our state's economy. If the federal government cuts funding for key public services, we could be left "holding the bag" at a time when we can least afford it.

**Probably one of the most distressing portions of the proposed budget is a series of Medicaid changes that would shift significant costs to the states, even though we are already facing growing budget problems. For example, it would cut federal reimbursements to states for inspecting nursing homes to ensure quality of care and safety. The costs of inspecting nursing homes would not disappear, of course. Instead, the state's share of the cost would increase, so that we would have to cut spending in Medicaid or elsewhere (or raise taxes) to compensate.**

Low and moderate income children and families would be hurt the most under the President's proposed budget as it either reduces or freezes funding for a number of low-income programs, such as Medicaid, low-income energy assistance, child care, and housing. This is the last thing we need at a time when families are already feeling the pinch of a worsening economy.

The budget also would do away with a rule that prevents states from enrolling poor people who are elderly or have disabilities, as well as children with special health care needs, in managed care plans without special provisions to ensure that their needs will be met. Without this protection, some of these very vulnerable people could be forced into plans that do not include the specialists or drug coverage that they need. And while the President does propose funding increases for the State Children's Health Insurance Program (SCHIP), they are less than states need to simply continue their current programs.

**And finally, the President's call to permanently extend all of the 2001 and 2003 tax cuts would seriously worsen the nation's major long-term budget problems, which have grown significantly worse in recent years.**

The bottom line is that the President's proposed budget is out-of-line with what our country needs and its citizen's deserve, and in these uncertain economic times, we deserve a budget that supports our families, not harms them.