

The Bush Budget Hurts Maine

Details reveal first wave of cuts needed to finance massive tax cut prepared by the Office of U.S. Representative Tom Allen

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On April 9, 2001, President Bush unveiled the full details of his federal budget for Fiscal Year 2001, after the House and Senate passed their Budget Resolutions and after House voted on the three largest components of the \$1.6 trillion Bush tax cut.

Listed below are programs that benefit Maine communities that are slated for cuts or elimination in FY2002 by President Bush. Even deeper cuts will be required in future years, as the tax cut grows in size from \$29 billion in FY2002 to \$251 billion in FY2011. Unless noted otherwise, cuts are in real dollars, meaning amounts less than what is needed to maintain current purchasing power.

Bad for Maine's Environment

The Bush Budget cuts \$215 million from the **Land and Conservation Water Fund**, despite Administration claims of full funding at \$900 million. It siphons off \$60 million from the federal land acquisition program for assistance to private landowners, and shortchanging the state grants program by \$155 million by folding in other conservation programs that were previously funded elsewhere.

– LWCF federal money has been used to help preserve the Rachel Carson Wildlife Reserve, Acadia National Park, and Saddleback Mountain. State grants for 2000 went to Pillsbury Recreation Area (ME State Parks), Diconzo Recreation Area (Calais), Surry Town Field, Skowhegan Community Center, Oakland Athletic Fields, North Berwick Community Center, Benton Riverfront Park, Presque Isle Fields, Orono Community Playground, Etna Courts, Sanford Skateboard Park, South Berwick Field, Lambert Park (Bath), Durham Riverfront Park, and Robinson Recreation Area (ME State Parks).

The Bush Budget cuts \$2.7 billion from dedicated **conservation** appropriations over the five-year period by abandoning the funding schedule set by Congress last year and flat-lining conservation funding at \$1.5 billion for 2002 to 2004 and \$1.6 billion for 2005 and 2006.

-- Last year's historic bipartisan agreement on conservation funding would benefit coastal conservation programs, state wildlife agencies, and programs that preserve historic places, recover endangered species, improve urban parks and restore Indian lands.

The Bush Budget eliminates several Agriculture Department conservation programs, including the **Wetlands Reserve Program** (a cut of \$162 million), a voluntary program offering landowners the opportunity to protect, restore, and enhance wetlands on their property. Also eliminated are the **Wildlife Habitat Incentives Program**, the Farmland Protection Program, Soil and Water Conservation Assistance, and the Forestry Incentives Program.

-- Maine has 11 Wetlands enrolled in the Wetlands Reserve Program, totaling 3,545 acres. Funds from the Wildlife Habitat Incentives Program have been used to restore the

Souadabscook Stream Channel, and to restore fish habitats for Atlantic salmon and trout.

The Bush Budget cuts **renewable energy resources** program by \$136 million (36.4 percent) below the freeze level.

-- Many communities and citizens in Maine are looking to wind, solar and biomass power as alternative energy sources to non-renewable, polluting and imported oil and gas energy sources.

The Bush Budget cuts the **Fuels and Power Systems** program, which among other things reduces emissions of air toxics and particulate matter in power plants, by \$164 million (50.7 percent) below the freeze level.

– The health of Maine citizens and of lakes and streams is threatened by pollutants emitted from upwind old power plants that are exempt from full Clean Air Act standards.

The Bush Budget cuts **energy conservation** programs by \$20 million (2.5 percent) below the freeze level.

– Many in Maine are looking toward increased energy conservation and efficiency measures to deal with energy supply problem, rather than drilling for oil in the Arctic National Wildlife Refuge, loosening power plant emission controls, and building more nuclear power plants, as proposed by the Bush Administration.

Bad for Maine Communities

The Bush Budget cuts **water infrastructure aid** by \$382 million below the freeze level, and provides \$300 million (40 percent) less for **Combined Sewer Overflow** (CSO) than the \$750 million Congress authorized last year.

-- CSO and water infrastructure funding assists communities in Maine to upgrade and improve their wastewater collection and treatment systems. It is a top priority for the Maine Municipal Association. Augusta has spent more than \$11 million of its own money for this, and total cost is projected to skyrocket to more than \$40 million.

The Bush Budget provides for **no new Army Corps of Engineers construction efforts** for FY2002, and cuts the Army Corps budget by \$600 million (14 percent) below the freeze level, and \$800 below the level needed to maintain current purchasing power.

– The City of Saco is seeking \$3.5 million in FY2002 in Army Corps funding for beach restoration and mitigation at Camp Ellis.

The Bush Budget cuts the **Community Oriented Policing Services** (COPS) program by \$172 million (17 percent) below the freeze level. COPS has placed more than 100,000 new police officers on the street while also providing administrative and technological resources for state and local law enforcement

-- COPS has put more than 280 community police officers on Maine streets (with more than \$20 million).

The Bush Budget cuts **Department of Justice Grants to States/Municipalities**, including \$10 million from the Office of Justice Programs, \$123 million from Local Law Enforcement Block Grants, \$135 million from the State Criminal Alien Assistance Program, and elimination of the discretionary Byrne Grant program.

-- State, county, and local governments throughout Maine have received these funds.

The Bush Budget cuts \$258 million (16 percent) from **Federal Emergency Management Agency** (FEMA) disaster relief programs. Also, the budget includes two proposals that would impact states and localities under FEMA's flood insurance program. First, the budget proposes that publicly owned buildings carry disaster insurance. Second, the budget proposes that the federal share for hazard mitigation grants be reduced from 75 percent to 50 percent.

-- These changes could limit responsiveness to, and raise costs on, homeowners and businesses in Maine the next time a natural disaster strikes, such as Ice Storm 1998

Bad for Small Businesses in Maine

The Bush Budget increases **fees for lending to small businesses** under the Small Business Administration's 7(a) General Business Loan Program and the Small Business Investment Companies Participating Securities Program. These fee increases raise \$141 million in 2002.

-- This change will increase the cost of borrowing for small businesses in Maine.

The Bush Budget cuts administrative expenses of the **Small Business Administration's (SBA) disaster loan program** by \$33 million, and proposes legislation to raise interest rates charged to business borrowers from about 4.0 percent to approximately 5.5 percent.

-- This change will increase the cost of borrowing for small businesses in Maine that confront natural disasters, and decrease the agency's responsiveness to such businesses.

Bad for Rural Maine

The Bush Budget cuts the Commerce Department's **Technology Opportunities Program** by \$30 million (65 percent) from the FY2001 level. This program is intended to address the "Digital Divide" by providing computers and Internet access to poor and underserved areas.

-- This program is targeted at both low-income urban and rural areas like those in Maine that do not have sufficient access to the Internet and new communications technologies.

The Bush Budget cuts USDA's **Rural Community Advancement program** (RCAP) by \$305 million (31 percent). RCAP provides grants, loans, and loan guarantees to stimulate economic growth and build facilities in rural communities.

-- Rural communities in Maine can benefit from these funds, administered through the USDA Rural Development offices in Bangor, Lewiston and Presque Isle.

The Bush Budget eliminates HUD's **Rural Housing and Economic Development Program** (funded at \$25 million in FY2001).

-- Beneficiaries in Maine include local rural non-profits and community development corporations (Coastal Enterprises, Inc., of Wiscasset and the York-Cumberland Housing are potential RHEDP grantees).

The Bush Budget imposes new **state bank examination fees** by the Federal Deposit Insurance

Corporation (FDIC) and the Federal Reserve. These fees are intended to recover the cost of supervising and regulating state-chartered banks and bank holding companies. It would generate \$866 million in federal revenue over 10 years.

– *These fees are opposed by the Maine Bankers Association and the State Superintendent of Banking.*

Bad for Economic Development in Maine

The Bush Budget cuts the **Economic Development Administration** by \$96 million (22.3 percent). EDA works to create jobs and implement comprehensive economic development strategies in distressed communities.

– *Beneficiaries of EDA grants have included the municipalities of Portland (Bayside) and Westbrook, Coastal Enterprises, Inc., of Wiscasset, and the State Government.*

The Bush Budget cuts **Community Development Block Grants** by \$516 million (10 percent). CDBGs provide funds for programs and activities for low- and moderate-income communities.

– *The Maine State Planning Office distributes CDBG funds to municipalities with low income census tracts for housing construction, infrastructure improvements, and economic development.*

The Bush Budget cuts funding for **Community Development Financial Institutions** by \$52 million (43.3 percent). CDFI funds finance economic development in distressed communities through financial and technical assistance.

-- *Beneficiaries in Maine include community banks, credit unions and non-profits (such as Coastal Enterprises, Inc., of Wiscasset) to leverage capital for economic development.*

The Bush Budget suspends the Commerce Department's **Advanced Technology Program** providing for no new awards in FY2002. ATP, which received \$146 million for 2001, provides assistance to U.S. businesses and joint R&D ventures to help them improve their competitive position, and help accelerate commercialization of technology that promises significant national economic benefits.

-- *Brunswick Technologies, Inc. (of Brunswick) and Pepin Associates, Inc. (of Greenville) are part of larger partnerships/consortiums that are currently participating in the ATP program.*

Bad for Low-Income and Dislocated Workers in Maine

The Bush Budget cuts \$38 million in real purchasing power from **LIHEAP** (Low Income Home Energy Assistance Program) by freezing funding at the FY2001 level, including \$1.4 billion in standard program funds and \$300 million in emergency funds.

– *Some 60,000 Maine households are expected to apply for LIHEAP assistance this year.*

The Bush Budget cuts \$207 million (13 percent) from the **Dislocated Worker Program**, below the FY2001 level. This program provides employment services to those workers who have been permanently separated from their jobs, including workers who have lost their jobs because of mass layoffs and plant and mill closures. It also cuts funding for **job training services for youth** by \$147 million (13 percent) below the FY2001 level. This program provides educational

and skill development services to young people to promote their employability.

--Among the entities in Maine that have received funding is Coastal Enterprises, Inc., of Wiscasset, that received \$1 million from the Dislocated Workers Fund to retrain workers who lost their jobs after mill closings in central and northern Maine.

The Bush Budget cuts funding for **One-Stop Career Centers** by \$16 million (10.7 percent) below the freeze level. The One-Stop Centers integrate the delivery of employment and education services, forming the fundamental infrastructure for the nation's employment and training system.

– The CareerCenter at the corner of Preble and Lancaster Streets in Portland is one of many such centers throughout Maine.

The Bush Budget cuts funding for **building repairs in public housing** (Capital Fund) by \$700 million (23 percent) below the freeze level. Nationally, 1.3 million families live in public housing, 40 percent of whom are seniors or disabled persons.

– Public housing authorities in Brunswick, Portland, Sanford, Lewiston, and Augusta, have objected to these cuts. Combined with the drug elimination grant cuts, the First Congressional district would lose \$1.1 million in housing aid, affecting 10,877 low-income people and 2,152 elderly households (National Association of Housing and Redevelopment Officials)

The Bush Budget eliminates the **Public Housing Drug Elimination Grant** program, which funds anti-crime and drug, law enforcement, and security activities in public housing communities. Congress provided \$309 million for this program in 2001.

– Public housing authorities in Brunswick, Portland, Sanford, Lewiston, and Augusta, have objected to these cuts. Combined with the Capital Fund cuts, the First Congressional district would lose \$1.1 million in housing aid, affecting 10,877 low-income people and 2,152 elderly households (National Association of Housing and Redevelopment Officials).

The Bush Budget cuts \$25 million from the **Social Services Block Grant** (SSBG) program, a level nearly \$700 below the level sought by the National Governors' Association and authorized by the 1996 welfare reform legislation. SSBG provides states with flexible funds that can be used to meet their most pressing social services needs, and are used for services including child day care, services for the disabled, services for the elderly, employment, housing, and transportation.

– These grants help fund essential social services in Maine.

The Bush Budget cuts the HOME program by \$40 million (13 percent). State and local governments use this flexible program to create a range of **low-income housing opportunities**, including rent supplements, construction and rehabilitation of multifamily rental housing, improvements to substandard housing for current owners, and assistance to new home buyers.

– The Maine State Housing Authority receives funds under this program to provide affordable housing to Maine residents.

The Bush Budget cuts funding for **Homeless Assistance Grants** and the renewal of Shelter Plus Care permanent housing grants by a total of \$25 million. These grants fund local projects to

provide a “continuum of care” that includes outreach, assessment, emergency shelter, and housing aimed at moving homeless individuals and families to permanent housing and jobs.

-- Beneficiaries in Maine include the City of Portland, City of Augusta, and the City of Waterville.

The Bush Budget freezes funding for the **Women, Infants and Children (WIC)** program in FY2002 at \$4.3 billion, despite Administration estimates that unemployment rates will rise from 4.3 percent in 2001 to 4.6 percent in 2002. This level of WIC funding would serve 7.245 million participants per month in 2002. The last time unemployment averaged 4.6 percent (FY1998), WIC participation averaged 7.37 million, meaning 125,000 women and children would not receive supplemental food income.

– If unemployment rises in Maine next year, these cuts could create hardship among low income families.

The Bush Budget cuts \$8 million from the **Legal Services Corporation**, which funds the provision of legal aid to the poor.

– These cuts may restrict access to legal representation for low-income people in Maine.

The Bush Budget cuts \$200 million from the **Child Care and Development Block Grant (CCDBG)** by carving out \$400 million from this account for a new after-school care voucher initiative (after an overall \$200 million increase).

– This cut could limit the states’ access to federal funds to promote affordable child care alternatives.

Bad for Students and Schools in Maine

The Bush Budget fails to fully fund the federal promise under the Individuals with Disabilities Education Act (IDEA) to provide 40 percent of **special education** spending by local school districts. The budget increases funding by \$1 billion in FY2002, which would bring the federal contribution to only 17 percent. At least another \$10 billion is needed for full funding.

– Special education continues to be the top fiscal concern for school districts in Maine. The federal government failure to fund its mandate means schools must divert funds from other students to deal with special education, and homeowners face rising higher property taxes to cover the local school districts’ financial burden.

The Bush Budget eliminates \$1.6 billion in funding for **reducing class sizes** and \$564 million for the **Eisenhower Professional Development Program** for teachers. Instead, it creates a new formula grant program for improving teacher quality, funding for which is \$2.6 billion for 2002.

-- Because of the consolidated funding, school districts would have to choose between smaller class sizes and professional development services. Maine received about \$7.6 million in class size reduction funds and \$2.2 million in Eisenhower funds in FY 2001.

The Bush Budget eliminates the \$1.2 billion provided in last year’s budget for **school renovation**. This cut comes at a time when more than \$100 billion is needed, according to the General Accounting Office, to bring public elementary and secondary classrooms into adequate condition.

-- Maine received \$5.5 million in school renovation funds for FY 2001. These cuts would impede efforts at modernizing Maine schools.

The Bush Budget increases funding for **Pell Grants** by only \$1 billion for FY2002, which amounts to a mere \$100 increase in the size of the maximum Pell Grant award, to \$3850, far short of the President's campaign promised to increase the maximum award for first-year students to \$5100. The budget freezes other **student aid programs**, including work study, Perkins loans, Supplemental Education Opportunity Grants, and Leveraging Educational Assistance Partnerships (LEAP).

– Inadequate funding for Pell Grants and other loan programs will prevent some Maine students from receiving the necessary financial aid to attend college.

The Bush Budget provides \$6.3 billion for **Head Start** in FY2002, an amount that leaves roughly half of the children aged three and four who are economically eligible for the program unable to receive Head Start services. The funding, however, is sufficient to maintain purchasing power for current programs but not to expand enrollment.

– Many Maine pre-schoolers will not get access to Head Start until full funding is provided.

The Bush Budget cuts funding for **Vocational and Adult Education** by \$24 million below the freeze level, representing a cut of \$41 million below the amount needed to maintain services at the current level.

-- Maine received about \$8 million in FY2001 for vocation education state grants, vocation education, tech-prep education, and adult education state grants.

Bad for Health Care in Maine

The Bush Budget cuts **Medicaid** spending by \$606 million in FY2002 from current law, and by \$17.4 billion over ten years. The budget includes additional constraints on the upper payment limit (UPL). Last year, Congress tightened these payments to prevent states from increasing their federal Medicaid payments without increasing health services. The budget would further tighten the UPL regulations.

– Medicaid cuts could limit access to health care for low-income Maine residents.

The Bush Budget cuts the **Maternal and Child Health block grant** (MCH) by \$5 million below the freeze level. The MCH block grant supports federal and state partnerships to develop service systems to address the critical challenges in maternal and child health.

– These cuts could limit access to health care for low-income mothers and their children.

The Bush Budget eliminates the **community access program** for FY2002 (a cut of \$125 million). CAP funds grants to coordinate health care services to the under-insured and uninsured offered by community providers such as public hospitals, community health centers, and disproportionate share hospitals.

– These cuts could limit access to health care options to the 150,000 Maine residents with no health insurance.

The Bush Budget cuts **pediatric graduate medical education** (GME) by \$35 million (15

percent) below the freeze level. These funds are currently used by children's teaching hospitals to offset the higher costs of providing advanced training to pediatricians.

– These cuts could restrict funding available for teaching at the new Barbara Bush children's wing at Maine Medical Center.

Bad for Maine Seniors

The Bush Budget provides insufficient funds for a meaningful **Medicare prescription drug benefit**. The budget allocates \$153 billion for a so-called so-called "immediate helping hand" temporary block grant that provides funds to the states for prescription drug assistance only for low-income seniors, in lieu of a prescription drug benefit under Medicare. A real benefit, available to all seniors on Medicare, will cost two or three times as much.

In addition, the Bush Budget funds its prescription drug aid through a contingency fund that is also allocated to increases in defense, agriculture, and for disaster relief. This contingency fund is created by counting the Medicare Part A Trust Fund surplus, meaning that the Bush Budget raids the Medicare Trust Fund to pay for programs other than the current Medicare benefits to which the Trust Fund is dedicated under existing law. Thus, the only way to fund a Medicare prescription drug benefit under the Bush Budget is to take money from Medicare benefits and thereby shorten its solvency.

– Maine seniors with high prescription drug costs are unlikely to get any relief under this budget.

The Bush Budget cuts **Social Security Administration operations** by \$2.2 billion over ten years.

-- As the number of Social Security beneficiaries reaches an all time high, these cuts will likely lead to longer lines, waits, telephone calls on hold, and a general deterioration of customer service.

Bad for Maine Veterans

The Bush Budget provides \$22.3 billion in FY2002 for **veterans medical care**, more than \$1 billion short of what leading national veterans organizations say is needed to provide necessary services.

– The Togus VA Center continues to face budget pressures that threaten quality care.

Good for the President's staff

Even as the President campaigns across the country against wasteful spending, the Bush Budget provides \$316 million, \$4 million above the level needed to maintain constant purchasing power, for the **Executive Office of the President**, which includes the White House and supporting agencies such as the Office of Management and Budget, National Security Council, and Council of Economic Advisors.