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## New Analysis Finds Oregon Hit Hard by Cuts in President's Budget for 2008

Oregon Center for Public Policy

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(SILVERTON) - Oregon would lose \$123 million in federal funding next year for a wide range of public structures, including K-12 education and Head Start, under the President's budget for 2008 according to a report released today by the Washington,

DC-based Center on Budget and Policy Priorities. The funding cuts, scheduled to deepen in future years under the President's proposal, would force Oregon to either raise taxes to compensate for the lost federal funds, or reduce basic public services. The analysis prompted criticism of the President's budget by Governor Ted Kulongoski, advocates for Oregon children, and a local research institute.

Janet Bauer, a policy analyst at the Oregon Center for Public Policy who reviewed the analysis, expressed disappointment at the President's priorities. "This budget says that maintaining critical infrastructure in Oregon such as education, safe drinking water, and public safety is not as important as extending tax breaks, including tax giveaways for millionaires. These priorities would send Oregon and the country in the wrong direction," she said.

Bauer also noted that the President's budget worsens the federal deficit by including massive tax cuts along with the program cuts. "The President's budget would worsen the federal government's fiscal situation, because the tax cuts would cost much more than the program cuts would save," she said.

"This budget is a roadmap toward greater inequality in Oregon," Bauer added. Under the President's budget, the average millionaire nationally would receive \$162,000 in 2012 alone, while funding cuts would harm low- and moderate-income families across the country, including in Oregon. Many low income families could end up losing child care assistance and job training. Pregnant women could lose supplemental nutrition for themselves and their young children. The elderly and individuals with disabilities could lose help with heating their homes.

Some programs that help large numbers of Oregonians would be eliminated entirely. Other programs would be cut deeply over the next five years. The new Center on Budget and Policy Priorities report estimates, for example, that the President's budget would:

\* Cut federal K-12 education funding to Oregon by \$70 million over the next five years, relative to the 2007 level. The President's proposal would take back much of the additional funding Congress provided to help states implement the federal No Child Left Behind law.

"We simply can't produce the results everyone wants for our students if the federal government is going to reduce its investment," said Jonah Edelman of Stand for Children.

\* Cut Oregon's child care funding by \$5 million over the next five years relative to the 2007 level. Today, federal child care funding is already below the 2002 level.

"If we want to support working parents and ensure that our kindergarteners are ready to learn, then we need to invest in quality child care and early education. This budget goes in the opposite direction, leaving more children without the child care help they need," said Cathy Kaufman, of the nonpartisan advocacy group, Children First for Oregon.

\* Cut Oregon's Head Start funding by \$2 million in 2008 and by \$22 million over the next five years relative to the 2007 level. These cuts would come on top of cuts already made to the program.

Faced with these funding cuts, Oregon's Head Start programs have several choices. They can serve fewer children; cut back on teachers' salaries, classroom materials, and the specialized services they provide to children; or they can try to raise money from other sources. The federal funding Oregon would receive in 2008 would serve 1,000 fewer children than we would serve if funding had kept pace with inflation since 2002.

The President's proposal is inconsistent with the priority outlined by Governor Ted Kulongoski to fully fund Head Start so that all eligible Oregon children can benefit.

"Head Start is critical to ensuring every Oregon child enters kindergarten ready to learn. Now is the time to move forward to make early childhood education available to all eligible kids – not take steps backward with budget cuts and reduced enrollment, which is what the President's budget would deliver," said Governor Kulongoski.

\* Cut Oregon's funding for low-income energy assistance by \$5.5 million next year and by \$31 million over the next five years. The Low-Income Home Energy Assistance Program (LIHEAP) provides funding to states to help vulnerable households pay their home heating 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.

\* Cut Oregon's funding for clean and safe drinking water by \$5 million next year and by \$29 million over the next five years. Some of the biggest cuts in the President's budget would come in environmental programs. Oregon relies on federal resources for sewage treatment plants and clean drinking water programs. Wastewater infrastructure projects would be cut significantly. Under the budget, these funds nationally would be 40 percent smaller in 2008 than in 2001.

\* Cut Oregon's community development funding by \$7.5 million next year and by \$44.5 million over the next five years. The Community Development Block Grant (CDBG) helps fund a range of community development projects in Oregon including housing and homeless 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 nationally in 2008 and more in later years.

\* Eliminate grants that assist state and local law enforcement in Oregon, costing Oregon \$11 million in funding next year and \$58 million over the next five years. The budget would replace a program that supports crime prevention and corrections activities, and a program which helps offset the cost of incarcerating undocumented immigrants, with two much smaller competitive grant programs. The new programs would receive only about half the funding of the programs they replace. While some states would qualify for funding under the new competitive 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 other important budget and program decisions important to Oregon. The Food Stamp Program and the State Children's Health Insurance Program, known by its initials SCHIP, are both up for renewal in 2007.

"Congress must take this opportunity to strengthen these highly successful programs so they can help more of those who need assistance," said Bauer. "Oregon's success in reducing its hunger rate has hinged primarily on an expansion of the state's food stamp program. These gains are now threatened by the proposed cuts," she added.

The SCHIP program has helped reduce the share of low-income children in Oregon who are uninsured. "Oregon will need additional funds in coming years to reach the goal of insuring all of the state's children so they get the health care they need," said Bauer. "Oregonians can't afford the President's plan to under-fund SCHIP."

Bauer concluded with a call to change course. "It's time now to embark on a new course. By making the right choices, Congress can craft a budget that meets Oregonians' priorities while pursuing a more fiscally responsible path than the President has proposed."

The Oregon Center for Public Policy does in-depth research and analysis on budget, tax, and economic issues. The Center's goal is to improve decision making and generate more opportunities for all Oregonians.

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