

President Bush Wants More Tax & Spending Cuts

It took Congress until February 1st to adopt a federal budget for 2005-06. Five days later, President Bush sent Congress his budget proposal for 2006-07. It contained more of the same: tax cuts for the wealthy, lots of spending on war and homeland security, controversial reductions in mandatory spending and lots of cuts in services for the little guy.

Tax Cuts. The President wants \$285 billion in new tax cuts over the next five years, cuts that would cost \$1.7 trillion over the next ten years. The President did not explain how to pay for the loss in revenue except to point to the growing economy.

War and Homeland Security. Here the President asked for a \$79 billion increase over the next five years. This includes the cost of rebuilding in Iraq and Afghanistan but does not include the cost of military operations after 2007.

Mandatory Spending. Over five years, Medicare spending would be reduced by \$36 billion, Medicaid by \$13.8 billion and farm programs by \$5 billion.

Cuts for the Little Guy. Over five years, cuts in domestic discretionary programs would total \$165 billion. Among the proposed cuts to the little guy would be these:

- The Commodity Supplemental Food Program, which provides a monthly box of food for 470,000 elderly individuals, would be eliminated, thus saving \$107 million.
- Food Stamp Program categorical eligibility would be narrowed, thus cutting 300,000 people off benefits and saving \$140 million.
- Home-delivered meals and congregate meals at senior centers would be cut by \$8 million.
- The Community Services Block Grant, which funds the community action agencies, would be eliminated, thus saving \$670 million.
- The Social Services Block Grant, which provides services for abused and neglected children and the elderly, would be reduced by \$500 million.
- The Child Care Development Block Grant would be cut by \$20 million. The number of children receiving child care assistance in 2011 under the President's plan would be 650,000 fewer than in 2000.

Response to the President's proposal has been largely negative. An editorial from the *Beaver County Times* is illustrative: "When it comes to Washington D.C. and the federal budget, we are in the world of true lies. What that means is that while our leaders aren't lying to us, they also aren't telling the truth." As an example, the editorial noted that the President brags about cutting domestic discretionary programs, which comprise only a tiny fraction of the total budget, but then fails to mention the embarrassing explosion in the parts of the budget that account for most of the spending.

The Morning Call from Allentown said this: "Given the fiscal challenges, it doesn't make sense for the President to call for making his 2001 and 2003 tax cuts permanent beyond their 2010 expiration."

But won't the tax cuts help the economy grow? Yes, but not enough to pay for the tax cuts. That's according to former Congressional Budget Office Director Douglas Holtz-Eakin.

All candidates running for federal office in 2006 are expected to oppose the spending cuts in the President's proposal. The thing to watch are the tax cuts. Candidates who are serious about putting things right in Washington will oppose the President's plan to make the tax cuts permanent.